



## BARCLAYS PLC

*(incorporated with limited liability in England)*

## BARCLAYS BANK PLC

*(incorporated with limited liability in England and Wales)*

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**£60,000,000,000**

### **Debt Issuance Programme**

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Any notes ("**Notes**") issued pursuant to this base prospectus (the "**Base Prospectus**") under the Debt Issuance Programme (the "**Programme**") on or after the date of this Base Prospectus are issued subject to the provisions described herein. Under the Programme, Barclays PLC (the "**Company**" or "**Barclays**") and Barclays Bank PLC (the "**Bank**" or "**Investment Bank**" and, together with the Company, the "**Issuers**" and each an "**Issuer**"), subject to compliance with all relevant laws, regulations and directives, may from time to time issue Notes. The aggregate nominal amount of Notes outstanding under the Programme will not at any time exceed £60,000,000,000 (or the equivalent in other currencies), subject to increase as provided herein.

This Base Prospectus has been approved by the United Kingdom Financial Conduct Authority (the "**FCA**") under Part VI of the Financial Services and Markets Act 2000 ("**FSMA**") as a base prospectus issued in compliance with Directive 2003/71/EC, as amended (the "**Prospectus Directive**") and relevant implementing measures in the United Kingdom for the purpose of giving information with regard to the issue of Notes issued under the Programme described in this Base Prospectus during the period of 12 months after the date hereof. This Base Prospectus comprises a base prospectus for the purpose of Article 5.4 of the Prospectus Directive. Applications have been made for such Notes to be admitted during the period of 12 months after the date hereof to listing on the Official List of the FCA (the "**Official List**") and to trading on the Regulated Market of the London Stock Exchange plc (the "**London Stock Exchange**"). The Regulated Market of the London Stock Exchange is a regulated market for the purposes of Directive 2004/39/EC on markets in financial instruments (the "**Market**"). References in this Base Prospectus to Notes being "**listed**" (and all related references) shall, unless the context otherwise requires, mean that such Notes have been admitted to the Official List and admitted to trading on the Market.

The Notes have not been and will not be registered under the United States Securities Act of 1933, as amended ("**Securities Act**"). Subject to certain exemptions, the Notes are not being offered, sold or delivered within the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S ("**Regulation S**")). The Notes are being offered and sold outside the United States to persons that are not U.S. persons and (in the case of Notes represented by Restricted Global Certificates) within the United States to "qualified institutional buyers" (as defined in Rule 144A under the Securities Act ("**Rule 144A**")). See "*Subscription and Sale*" and "*Transfer Restrictions*".

The credit ratings in this Base Prospectus have been issued by Moody's Investors Service Ltd., Standard & Poor's Credit Market Services Europe Limited and Fitch Ratings Limited, each of which are established in the European Union and registered under Regulation (EC) No 1060/2009, as amended (the "**CRA Regulation**").

**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.**

**Investing in Notes issued under the Programme involves certain risks. The principal risk factors that may affect the abilities of the Issuers to fulfil their respective obligations under the Notes are discussed under "Risk Factors" below.**

**Arranger**

**BARCLAYS**

**Dealers**

**BARCLAYS  
BOFA MERRILL LYNCH  
CREDIT SUISSE  
GOLDMAN SACHS INTERNATIONAL**

**UBS INVESTMENT BANK**

**BNP PARIBAS  
CITIGROUP  
DEUTSCHE BANK  
MORGAN STANLEY**

26 November 2013

## IMPORTANT NOTICES

### *Responsibility for this Base Prospectus*

Each of the Issuers (together, the "**Responsible Persons**" and each a "**Responsible Person**") accepts responsibility for the information contained in this Base Prospectus and the Final Terms (as defined below) for each tranche of Notes issued under the Programme and declares that, having taken all reasonable care to ensure that such is the case, the information contained in this Base Prospectus (or the Final Terms as the case may be) is, to the best of its knowledge, in accordance with the facts and contains no omission likely to affect its import.

### *Final Terms/Drawdown Prospectus*

Each Tranche (as defined herein) of Notes will be issued on the terms set out herein under "Terms and Conditions of the Notes" (the "**Conditions**") as completed by a document specific to such Tranche called final terms (the "**Final Terms**") or in a separate prospectus specific to such Tranche (the "**Drawdown Prospectus**") as described under "*Final Terms and Drawdown Prospectuses*" below.

### *The Notes*

Notes may be issued under the Programme which have a denomination of less than €100,000.

Each Tranche of Notes in registered form ("**Registered Notes**") will be represented by either (i) individual note certificates in registered form ("**Individual Certificates**"); or (ii) one or more unrestricted global note certificates ("**Unrestricted Global Certificates**") in the case of Registered Notes sold outside the United States to non-U.S. persons in reliance on Regulation S under the Securities Act and/or one or more restricted global note certificates ("**Restricted Global Certificates**") (together with the Unrestricted Global Certificate(s), the "**Global Certificates**") in the case of Registered Notes sold to "qualified institutional buyers" (each, a "**QIB**") in reliance on Rule 144A under the Securities Act.

Each Note represented by an Unrestricted Global Certificate will either be: (a) in the case of a Global Certificate which is not to be held under the new safekeeping structure ("**NSS**"), registered in the name of a common depository (or its nominee) for Euroclear Bank S.A./N.V. ("**Euroclear**") and/or Clearstream Banking, *société anonyme* ("**Clearstream, Luxembourg**") and/or a sub-custodian for the Central Moneymarkets Unit Service (the "**CMU Service**") operated by the Hong Kong Monetary Authority (the "**HKMA**") and/or any other relevant clearing system and the relevant Unrestricted Global Certificate will be deposited on or about the issue date with the common depository and/or the sub-custodian; or (b) in the case of a Global Certificate to be held under the NSS, registered in the name of a common safekeeper (or its nominee) for Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system and the relevant Unrestricted Global Certificate will be deposited on or about the issue date with the common safekeeper for Euroclear and/or Clearstream, Luxembourg. Each Note represented by a Restricted Global Certificate will be registered in the name of Cede & Co. as nominee for the Depository Trust Company ("**DTC**") and the relevant Restricted Global Certificate will be deposited on or about the issue date with the custodian for DTC (the "**DTC Custodian**"). Beneficial interests in Notes represented by a Restricted Global Certificate may only be held through DTC at any time.

Each Tranche of Notes in bearer form ("**Bearer Notes**") will initially be in the form of either a temporary global note in bearer form (the "**Temporary Global Note**"), without interest coupons, or a permanent global note in bearer form (the "**Permanent Global Note**"), without interest coupons, in each case as specified in the relevant Final Terms. Each Temporary Global Note or, as the case may be, Permanent Global Note (each a "**Global Note**") which is not intended to be issued in new global note ("**NGN**") form, as specified in the relevant Final Terms, will be deposited on or around the issue date of the relevant Tranche of the Notes with a depository or a common depository for Euroclear and/or Clearstream, Luxembourg, and/or a sub-custodian for the CMU Service and/or any other relevant clearing system and each Global Note which is intended to be issued in NGN form, as specified in the relevant Final Terms, will be deposited on or around the issue date of the relevant Tranche of the Notes with a common safekeeper for Euroclear and/or Clearstream, Luxembourg.

### *Public Offers of Notes in the European Economic Area*

Certain Tranches of Notes with a denomination of less than €100,000 (or its equivalent in any other currency) may, subject as provided below, be offered by financial intermediaries in any member state

("Member State") of the European Economic Area which has implemented the Prospectus Directive (each, a "Relevant Member State") in circumstances where there is no exemption from the obligation under the Prospectus Directive to publish a prospectus. Any such offer is referred to in this Base Prospectus as a "Public Offer".

This Base Prospectus has been prepared on a basis that permits Public Offers of Notes in the United Kingdom (a "Public Offer Jurisdiction"). Any person making or intending to make a Public Offer of Notes in a Public Offer Jurisdiction on the basis of this Base Prospectus must do so only with the consent of the relevant Issuer – see "— Consent" below.

If after the date of this Base Prospectus the Issuers intend to add one or more Relevant Member States to the list of Public Offer Jurisdictions for any purpose, they will prepare a supplement to this Base Prospectus specifying any relevant additional information required by the Prospectus Directive. Such supplement will also set out provisions relating to the consent of the Issuers to the use of this Prospectus in connection with any Public Offer in any such additional Public Offer Jurisdiction.

**Save as provided above and unless otherwise agreed at the relevant time by the Issuers and each of Barclays Bank PLC (in its role as Arranger and Dealer), BNP Paribas, Citigroup Global Markets Limited, Credit Suisse Securities (Europe) Limited, Deutsche Bank AG, London Branch, Goldman Sachs International, Merrill Lynch International, Morgan Stanley & Co. International plc and UBS Limited (together, the "Dealers" which expression shall include any additional or other dealers appointed under the Programme from time to time), none of the Issuers nor the Dealers has authorised, nor do they authorise, the making of any Public Offer of Notes in circumstances in which an obligation arises for the Issuers or the Dealers to publish or supplement a prospectus for such offer.**

#### *Consent*

As described more fully in the following paragraphs, express consent is given by the Responsible Persons, as the persons responsible for drawing up this Base Prospectus, to the use of this Base Prospectus and each of the Responsible Persons accepts responsibility for the content of this Base Prospectus also with respect to subsequent resale or final placement of Notes by any financial intermediary which has been given express consent to use this Base Prospectus.

None of the Responsible Persons or any of the Dealers has any responsibility for any of the actions of any financial intermediary to whom the Responsible Persons have given their consent to use this Base Prospectus (an "Authorised Offeror"), including compliance by an Authorised Offeror with any applicable conduct of business rules or other local regulatory or securities law requirements in that Public Offer Jurisdiction in relation to such Public Offer.

**Save as provided below, none of the Responsible Persons or any of the Dealers have authorised (nor do they authorise or consent to the use of this Base Prospectus in connection with) the making of any Public Offer by any person in any circumstances. Any such unauthorised offers are not made on behalf of the Issuers or any of the Dealers or Authorised Offerors and none of the Responsible Persons have consented to the use of this Base Prospectus by any other person in connection with any Public Offer of Notes. Any Public Offer made without the consent of the Responsible Persons is unauthorised and none of the Responsible Persons or any of the Dealers or Authorised Offerors accepts any responsibility or liability for the actions of the persons making any such unauthorised offer. Any persons ("Investors") to whom an offer of any Notes is made should enquire whether a financial intermediary is an Authorised Offeror.**

**If, in the context of a Public Offer, an Investor is offered Notes by a person which is not an Authorised Offeror, the Investor should check with such person whether anyone is responsible for this Base Prospectus for the purposes of the Public 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.**

- (a) The relevant Issuer consents to the use of this Base Prospectus (as supplemented as at the relevant time, if applicable) and the applicable Final Terms (and accepts responsibility for the information contained in this Base Prospectus and the applicable Final Terms) with respect to

any Public Offer of Notes in the Public Offer Jurisdiction and made during the offer period specified in the applicable Final Terms (the "**Offer Period**") by the relevant Dealer and by:

- (i) any financial intermediary named as an Initial Authorised Offeror in the applicable Final Terms; and
  - (ii) any financial intermediary appointed after the date of the applicable Final Terms and whose name is published on the Issuer's website ([www.barclays.com/InvestorRelations/DebtInvestors](http://www.barclays.com/InvestorRelations/DebtInvestors)) and identified as an Authorised Offeror in respect of the relevant Public Offer; and
- (b) If Part B of the applicable Final Terms specifies "General Consent" as "Applicable", the relevant Issuer hereby offers to grant its consent to the use of this Base Prospectus (as supplemented as at the relevant time, if applicable) and the applicable Final Terms (and accepts responsibility for the information contained in this Base Prospectus and the applicable Final Terms) with respect to any Public Offer of Notes in the Public Offer Jurisdiction and made during the Offer Period by any financial intermediary which satisfies the following conditions:
- (i) is a financial intermediary whose name and address is published on the Issuer's website (<http://www.barclays.com/InvestorRelations/DebtInvestors>); or
  - (ii) any financial intermediary which is authorised to make such offers under the Markets in Financial Instruments Directive (Directive 2004/39/EC) which states on its website that it has been duly appointed as a financial intermediary to offer the relevant Tranche of Notes during the Offer Period and that it is relying on this Base Prospectus to do so; and
  - (iii) the consent is subject to any other conditions set out in Part B of the applicable Final Terms.

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

The relevant Issuer may give consent to one or more additional Authorised Offerors in respect of a Public Offer after the date of the Final Terms, discontinue or change the Offer Period, and/or remove or add conditions to consent and, if it does so, such additional information will be published at <http://www.barclays.com/InvestorRelations/DebtInvestors>. Any new information with respect to Authorised Offerors unknown at the time of the approval of this Base Prospectus or the filing of the Final Terms will be published and can be found at <http://www.barclays.com/InvestorRelations/DebtInvestors>.

**Any Authorised Offeror falling within sub-paragraph (b)(ii) above who meets all of the other conditions stated above and who wishes to use this Base Prospectus in connection with a Public Offer is required, for the duration of the relevant Offer Period specified in the applicable Final Terms, to publish on its website the following statement (with the information in square brackets completed with the relevant information):**

*"We, [insert legal name of financial intermediary], refer to the [insert title of relevant Notes] (the "Notes") described in the Final Terms dated [insert date] (the "Final Terms") published by [ISSUER] (the "Issuer"). In consideration of the Issuer offering to grant its consent to our use of the Base Prospectus (as defined in the Final Terms) in connection with the offer of the Notes in the United Kingdom (the "Public Offer") in accordance with and subject to the conditions to such consent, each as specified in the Base Prospectus, we hereby accept such offer. Accordingly, we are using the Base Prospectus in connection with the Public Offer in accordance with the consent of the Issuer and subject to the conditions of such consent."*

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

**AN INVESTOR INTENDING TO ACQUIRE OR ACQUIRING ANY NOTES IN A PUBLIC OFFER FROM AN AUTHORISED OFFEROR OTHER THAN THE ISSUERS WILL DO SO, AND OFFERS AND SALES OF SUCH NOTES 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, EXPENSES AND SETTLEMENT**

**ARRANGEMENTS. THE ISSUERS WILL NOT BE A PARTY TO ANY SUCH ARRANGEMENTS WITH SUCH INVESTORS (OTHER THAN DEALERS) IN CONNECTION WITH THE PUBLIC OFFER OR SALE OF THE NOTES CONCERNED AND, ACCORDINGLY, THIS BASE PROSPECTUS AND ANY FINAL TERMS WILL NOT CONTAIN SUCH INFORMATION. THE INVESTOR MUST LOOK TO THE RELEVANT AUTHORISED OFFEROR AT THE TIME OF SUCH OFFER FOR THE PROVISION OF SUCH INFORMATION AND THE AUTHORISED OFFEROR WILL BE RESPONSIBLE FOR SUCH INFORMATION. NONE OF THE ISSUERS AND THE DEALERS (EXCEPT WHERE THE DEALER IS THE RELEVANT AUTHORISED OFFEROR) HAS ANY RESPONSIBILITY OR LIABILITY TO AN INVESTOR IN RESPECT OF SUCH INFORMATION.**

**IN THE EVENT OF AN OFFER BEING MADE BY A FINANCIAL INTERMEDIARY, SUCH FINANCIAL INTERMEDIARY WILL PROVIDE INFORMATION TO INVESTORS ON THE TERMS AND CONDITIONS OF THE OFFER AT THE TIME THE OFFER IS MADE.**

***Public Offers: Issue Price and Offer Price***

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

***Other relevant information***

This Base Prospectus must be read and construed together with any amendments or supplements hereto and with any information incorporated by reference herein and, in relation to any Tranche of Notes, must be read and construed together with the relevant Final Terms. In the case of a Tranche of Notes which is the subject of a Drawdown Prospectus, each reference in this Base Prospectus to information being specified or identified in the relevant Final Terms shall be read and construed as a reference to such information being specified or identified in the relevant Drawdown Prospectus unless the context requires otherwise.

Each of the Issuers have confirmed to the Dealers named under "*Subscription and Sale*" below that this Base Prospectus contains all information which is (in the context of the Programme, the issue and offering and sale of the Notes) material; that such information is true and accurate in all material respects and is not misleading in any material respect; that any opinions, predictions or intentions expressed herein are honestly held or made and are not misleading in any material respect; that this Base Prospectus does not omit to state any material fact necessary to make such information, opinions, predictions or intentions (in the context of the Programme, the issue and offering and sale of the Notes) not misleading in any material respect; and that all proper enquiries have been made to verify the foregoing.

To the fullest extent permitted by law, none of the Dealers, the Arranger or The Bank of New York Mellon, London Branch (the "**Trustee**") accept any responsibility for the contents of this Base Prospectus or for any other statement, made or purported to be made by the Arranger, the Trustee or a Dealer or on its behalf in connection with the Issuers or the issue and offering of the Notes. The Arranger, the Trustee and each Dealer accordingly disclaims all and any liability whether arising in tort or contract or otherwise (save as referred to above) which it might otherwise have in respect of this Base Prospectus or any such statement. The statements made in this paragraph are without prejudice to the responsibilities of the Issuers under or in connection with the Notes.

***Unauthorised Information***

No person has been authorised to give any information or to make any representation not contained in or not consistent with this Base Prospectus or any other document entered into in relation to the Programme or any information supplied by the Issuers or such other information as is in the public domain and, if

given or made, such information or representation should not be relied upon as having been authorised by the Issuers, the Arranger, the Trustee or any Dealer.

Neither the Dealers nor any of their respective affiliates, the Arranger, nor the Trustee have authorised the whole or any part of this Base Prospectus and none of them makes any representation or warranty or accepts any responsibility as to the accuracy or completeness of the information contained in this Base Prospectus. Neither the delivery of this Base Prospectus or any Final Terms nor the offering, sale or delivery of any Note shall, in any circumstances, create any implication that the information contained in this Base Prospectus is true subsequent to the date hereof or the date upon which this Base Prospectus has been most recently amended or supplemented or that there has been no adverse change, or any event reasonably likely to involve any adverse change, in the prospects or financial or trading position of the Company or the Bank since the date thereof or, if later, the date upon which this Base Prospectus has been most recently amended or supplemented or that any other information supplied in connection with the Programme is correct at any time subsequent to the date on which it is supplied or, if different, the date indicated in the document containing the same. The Dealers and the Trustee expressly do not undertake to review the financial condition or affairs of the Issuers during the life of the Programme nor to advise any investor or potential investor in the Notes of any information coming to the attention of any of the Dealers or the Trustee. Investors should review, *inter alia*, the most recent published financial statements of the relevant Issuer when evaluating the Notes.

### ***Restrictions on distribution***

The distribution of this Base Prospectus and any Final Terms and the offering, sale and delivery of the Notes in certain jurisdictions may be restricted by law. Persons into whose possession this Base Prospectus or any Final Terms comes are required by the Issuers and the Dealers to inform themselves about and to observe any such restrictions. For a description of certain restrictions on offers, sales and deliveries of Notes and on the distribution of this Base Prospectus or any Final Terms and other offering material relating to the Notes, see "*Subscription and Sale*" and "*Transfer Restrictions*".

The Notes have not been and will not be registered under the Securities Act or with any securities regulatory authority of any state or other jurisdiction of the United States, and Notes in bearer form are subject to U.S. tax law requirements. The Notes may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. The Unrestricted Registered Notes are being offered and sold outside the United States to non-U.S. persons in reliance on Regulation S and the Restricted Registered Notes are being offered and sold within the United States to QIBs that are also qualified purchasers in reliance on the exemption from registration under the Securities Act provided by Rule 144A. Prospective purchasers are hereby notified that sellers of the Notes may be relying on the exemption from the provisions of Section 5 of the Securities Act provided by Rule 144A.

To permit compliance with Rule 144A under the Securities Act in connection with resale of Notes that are "Restricted Securities" (as defined in Rule 144(a)(3) under the Securities Act), the Issuers will furnish upon the request of a holder of such Notes or of a beneficial owner of an interest therein, to such holder or beneficial owner or to a prospective purchaser designated by such holder or beneficial owner, the information required to be delivered under Rule 144A(d)(4) under the Securities Act and will otherwise comply with the requirements of Rule 144A(d)(4) under the Securities Act, if at the time of such request, the relevant Issuer is not a reporting company under Section 13 or Section 15(d) of the U.S. Securities Exchange Act of 1934, as amended (the "**Exchange Act**"), or exempt from reporting pursuant to Rule 12g3-2(b) under the Exchange Act.

**NEITHER THE PROGRAMME NOR THE NOTES 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 NOTES OR THE ACCURACY OR ADEQUACY OF THIS BASE PROSPECTUS. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENCE IN THE UNITED STATES.**

Neither this Base Prospectus nor any Final Terms nor any of the documents incorporated by reference constitutes an offer or an invitation to subscribe for or purchase any Notes and are not intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation by any of

the Issuers, the Trustee, the Arranger or any of the Dealers or any of them that any recipient of this Base Prospectus or any Final Terms should subscribe for or purchase any Notes. Each recipient of this Base Prospectus or any Final Terms shall be taken to have made its own investigation and appraisal of the condition (financial or otherwise) of the Issuers.

Each potential investor in any Notes must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should:

- (i) have sufficient knowledge and experience to make a meaningful evaluation of the relevant Notes, the merits and risk of investing in the relevant Notes and the information contained or incorporated by reference in this Base Prospectus or any applicable supplement;
- (ii) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the relevant Notes and the impact such investment will have on its overall investment portfolio;
- (iii) have sufficient financial resources and liquidity to bear all of the risks of an investment in the relevant Notes or where the currency for principal or interest payments is different from the currency in which such investor's financial activities are principally denominated;
- (iv) understand thoroughly the terms of the relevant Notes and be familiar with the behaviour of any relevant indices and financial markets; and
- (v) 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.

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

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

#### ***Renminbi- denominated Notes***

Renminbi is currently not freely convertible and conversion of Renminbi through banks in Hong Kong is subject to certain restrictions. Investors should be reminded of the conversion risk with Renminbi-denominated Notes. In addition, there is a liquidity risk associated with Renminbi-denominated products, particularly if such investments do not have an active secondary market and their prices have large bid/offer spreads. Renminbi-denominated products are denominated and settled in Renminbi available in Hong Kong, which represents a market which is different from that of Renminbi available in the PRC (as defined below).

#### ***Currency definitions***

In this Base Prospectus, references to (i) "£" or "**pounds sterling**" are to the lawful currency for the time being of the United Kingdom and Northern Ireland; (ii) "€" or "**euro**" are to the currency introduced at the start of the third stage of European economic and monetary union, and as defined in Article 2 of Council Regulation (EC) No. 974/98 of 3 May 1998 on the introduction of the euro; (iii) "U.S.\$" or "**U.S. Dollars**" are to the lawful currency for the time being of the United States of America, its territories and possessions, any state of the United States of America and the District of Columbia; (iv) "C\$" or "**Canadian Dollars**" are to the lawful currency for the time being of Canada; (v) "¥" or "**Yen**" are to the lawful currency for the time being of Japan; (vi) "**Renminbi**", "**RMB**" and "**CNY**" are to the lawful currency of the People's Republic of China (excluding the Hong Kong Special Administrative Region of

the PRC, the Macau Special Administrative Region of the PRC and Taiwan) (the "PRC"); and (vii) "HKD", "Hong Kong dollars", "Hong Kong dollar" and "HK\$" are to the lawful currency of Hong Kong.

Certain figures included in this Base Prospectus have been subject to rounding adjustments; accordingly, figures shown for the same category presented in different tables may vary slightly and figures shown as totals in certain tables may not be an arithmetic aggregation of the figures which precede them.

### *Ratings*

Tranches of Notes issued under the Programme will be rated or unrated. Where a Tranche of Notes is rated, such rating will not necessarily be the same as the rating(s) described above or the rating(s) assigned to Notes already issued. Where a Tranche of Notes is rated, the applicable rating(s) will be specified in the relevant Final Terms.

### *Stabilisation*

**In connection with the issue of any Tranche of Notes, the Dealer or Dealers (if any) acting as the Stabilising Manager(s) may over allot Notes or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail. However, there is no assurance that the Stabilising Manager(s) (or persons acting on behalf of a Stabilising Manager) will undertake stabilisation action. Any stabilisation action may begin on or after the date on which adequate public disclosure of the terms of the offer of the relevant Tranche of Notes is made and, if begun, may be ended at any time, but it must end no later than the earlier of 30 days after the issue date of the relevant Tranche of Notes and 60 days after the date of the allotment of the relevant Tranche of Notes. Any stabilisation action or over-allotment must be conducted by the Stabilising Manager(s) (or person(s) acting on behalf of any Stabilising Manager(s)) in accordance with all applicable laws and rules.**

## **SERVICE OF PROCESS AND ENFORCEMENT OF LIABILITIES**

The Company is duly incorporated as a public limited company incorporated under the laws of England and the Bank is duly incorporated as a public limited company under the laws of England and Wales. Substantially all of each Issuer's directors and executive officers are non-residents of the United States. All or a substantial portion of the assets of the Company and the Bank and of their respective directors and officers are located outside the United States. As a result, it may not be possible for an investor to effect service of process within the United States upon those persons or to enforce against them judgments of U.S. courts based upon the civil liability provisions of the federal securities laws of the United States.

## **NOTICE TO NEW HAMPSHIRE RESIDENTS**

**NEITHER THE FACT THAT A REGISTRATION STATEMENT NOR AN APPLICATION FOR A LICENCE HAS BEEN FILED UNDER CHAPTER 421-B OF THE NEW HAMPSHIRE REVISED STATUTES ANNOTATED, 1955 ("RSA 421-B") WITH THE STATE OF NEW HAMPSHIRE OR THE FACT THAT A SECURITY IS EFFECTIVELY REGISTERED OR A PERSON IS LICENSED IN THE STATE OF NEW HAMPSHIRE CONSTITUTES A FINDING BY THE SECRETARY OF STATE OF THE STATE OF NEW HAMPSHIRE THAT ANY DOCUMENT FILED UNDER RSA 421-B IS TRUE, COMPLETE AND NOT MISLEADING. NEITHER ANY SUCH FACT NOR THE FACT THAT AN EXEMPTION OR EXCEPTION IS AVAILABLE FOR A SECURITY OR A TRANSACTION MEANS THAT THE SECRETARY OF STATE HAS PASSED IN ANY WAY UPON THE MERITS OR QUALIFICATIONS OF, OR RECOMMENDED OR GIVEN APPROVAL TO, ANY PERSON, SECURITY OR TRANSACTION. IT IS UNLAWFUL TO MAKE, OR CAUSE TO BE MADE, TO ANY PROSPECTIVE PURCHASER, CUSTOMER OR CLIENT ANY REPRESENTATION INCONSISTENT WITH THE PROVISIONS OF THIS PARAGRAPH.**

## **SUPPLEMENTAL BASE PROSPECTUS**

If at any time either of the Issuers shall be required to prepare a supplement to the Base Prospectus pursuant to Section 87 of the FSMA, or to give effect to the provisions of Article 16(1) of the Prospectus Directive, such Issuer will prepare and make available an appropriate amendment or supplement to this



Base Prospectus or a further base prospectus which, in respect of any subsequent issue of Notes to be listed on the Official List and admitted to trading on the Regulated Market of the London Stock Exchange, shall constitute a supplemental base prospectus as required by the FCA and Section 87 of the FSMA.

### FORWARD-LOOKING STATEMENTS

This Base Prospectus and certain documents incorporated by reference herein contain certain forward-looking statements within the meaning of Section 21E of the Exchange Act, and Section 27A of the Securities Act, with respect to certain of the plans and current goals and expectations of the Company and its consolidated subsidiaries (the "**Group**"), relating to its future financial condition and performance. The Issuers caution readers that no forward-looking statement is a guarantee of future performance and that actual results could differ materially from those contained in the forward-looking statements. These forward-looking statements can be identified by the fact that they do not relate only to historical or current facts. Forward-looking statements sometimes use words such as "may," "will," "seek," "continue," "aim," "anticipate," "target," "projected," "expect," "estimate," "intend," "plan," "goal," "believe," "achieve" or other words of similar meaning. Examples of forward-looking statements include, among others, statements regarding the Group's future financial position, income growth, assets, impairment charges and provisions, business strategy, capital, leverage and other regulatory ratios, payment of dividends (including dividend pay-out ratios), projected levels of growth in the banking and financial markets, projected costs, original and revised commitments and targets in connection with the Transform program, deleveraging actions, estimates of capital expenditures and plans and objectives for future operations and other statements that are not historical fact. By their nature, forward-looking statements involve risk and uncertainty because they relate to future events and circumstances. These may be affected by changes in legislation, the development of standards and interpretations under International Financial Reporting Standards as issued by the International Accounting Standards Board ("**IFRS**"), evolving practices with regard to the interpretation and application of regulatory standards, the outcome of current and future legal proceedings and regulatory investigations, future levels of conduct provisions, the policies and actions of governmental and regulatory authorities, geopolitical risks and the impact of competition. In addition, factors including (but not limited to) the following may have an effect: capital, leverage and other regulatory rules (including with regard to the future structure of the Group) applicable to past, current and future periods; U.K. domestic, Eurozone and global macroeconomic and business conditions; the effects of continued volatility in credit markets; market-related risks such as changes in interest rates and foreign exchange rates; effects of changes in valuation of credit market exposures; changes in valuation of issued securities; volatility in capital markets; changes in credit ratings of the Group; the potential for one or more countries exiting the Eurozone; the implementation of the Transform program; and the success of future acquisitions, disposals and other strategic transactions. A number of these influences and factors are beyond the Group's control. As a result, the Group's actual future results, dividend payments and capital and leverage ratios may differ materially from the plans, goals, and expectations set forth in the Group's forward-looking statements. Additional risks and factors are identified in Barclays' filings with the SEC including in the Annual Report on Form 20-F for the fiscal year ended 31 December 2012 and in our current report on Form 6-K dated 16 September 2013, both of which are available on the SEC's website at <http://www.sec.gov>.

Any forward-looking statements made herein speak only as of the date they are made and it should not be assumed that they have been revised or updated in the light of new information or future events. Except as required by the Prudential Regulation Authority (the "**PRA**"), the FCA, the London Stock Exchange, the SEC or applicable law, we expressly disclaim any obligation or undertaking to release publicly any updates or revisions to any forward-looking statements contained in this Base Prospectus or the documents incorporated by reference herein to reflect any change in Barclays' expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based. The reader should, however, consult any additional disclosures that each of the Issuers have made or may make in documents it has published or may publish via the Regulatory News Service of the London Stock Exchange or have filed or may file with the London Stock Exchange and/or SEC.

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## SUMMARY

Summaries are made up of disclosure requirements known as "Elements". These elements are numbered in Sections A – E (A.1 – E.7).

This summary contains all the Elements required to be included in a summary for this type of securities and Issuers. 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 the summary because of the type of securities and Issuers, it is possible that no relevant information can be given regarding the Element. In this case a short description of the Element is included in the summary with the mention of "Not Applicable".

<b>Section A – Introduction and Warnings</b>		
<b>A.1</b>	<b>Warning:</b>	<p>This Summary should be read as an introduction to the Base Prospectus. Any decision to invest in the Notes should be based on consideration of the Base Prospectus as a whole by the investor, including any information incorporated by reference herein, and read together with the applicable Final Terms.</p> <p>Where a claim relating to the information contained in the Base Prospectus is brought before a court, the plaintiff might, under the national legislation of the relevant Member State, have to bear the costs of translating the Base Prospectus before the legal proceedings are initiated.</p> <p>Civil liability attaches only to those persons who have tabled the Summary, including any translation thereof, but only if the Summary is misleading, inaccurate or inconsistent when read together with the other parts of the Base Prospectus or it does not provide, when read together with the other parts of the Base Prospectus, key information in order to aid investors when considering whether to invest in the Notes.</p>
<b>A.2</b>	<b>Consent:</b>	<p><i>Each of the Issuers may provide its consent to the use of the Base Prospectus and the applicable final terms (the "Final Terms") for subsequent resale or final placement of the Notes by financial intermediaries, provided that the subsequent resale or final placement of Notes by such financial intermediaries is made during the offer period specified in the Final Terms. Such consent may be subject to conditions which are relevant for the use of the Base Prospectus.</i></p> <p><i>The consent referred to above relates to Offer Periods (as defined below) occurring within 12 months from the date of this Base Prospectus,</i></p> <p><b>[Specific Consent:</b></p> <p>(a) <i>The Issuer consents to the use of this Base Prospectus (as supplemented as at the relevant time, if applicable) and these Final Terms dated [●] with respect to any subsequent resale or final placement of Notes (a "Public Offer") in the United Kingdom and made during the period from and including [●], to, but excluding, [●] (the "Offer Period") by the relevant Dealer and by:</i></p> <p style="margin-left: 40px;">(i) <i>any financial intermediary named as an Initial Authorised Offeror in these Final Terms; and</i></p> <p style="margin-left: 40px;">(ii) <i>any financial intermediary appointed after the date of these Final Terms and whose name is published on the</i></p>

		<p style="text-align: right;"><i>Issuer's website</i>  (<a href="http://www.barclays.com/InvestorRelations/DebtInvestors">www.barclays.com/InvestorRelations/DebtInvestors</a>)  and identified as an Authorised Offeror in respect of  the relevant Public Offer; and]</p> <p><b>[General Consent:</b></p> <p>(b) <i>If Part B of the these Final Terms dated [●] specifies “General Consent” as “Applicable”, the Issuer hereby offers to grant its consent to the use of this Base Prospectus (as supplemented as at the relevant time, if applicable) and these Final Terms with respect to any Public Offer of Notes in the Public Offer Jurisdiction and made during the period from and including [●], to, but excluding, [●] (the "Offer Period") by any financial intermediary which satisfies the following conditions:</i></p> <p style="margin-left: 40px;">(i) <i>is a financial intermediary whose name and address is published on the Issuer's website (<a href="http://www.barclays.com/InvestorRelations/DebtInvestors">http://www.barclays.com/InvestorRelations/DebtInvestors</a>); or</i></p> <p style="margin-left: 40px;">(ii) <i>any financial intermediary which is authorised to make such offers under the Markets in Financial Instruments Directive (Directive 2004/39/EC) which states on its website that it has been duly appointed as a financial intermediary to offer the relevant Tranche of Notes during the Offer Period and that it is relying on this Base Prospectus to do so; and</i></p> <p style="margin-left: 40px;">(iii) <i>the consent is subject to any other conditions set out in Part B of these Final Terms.]</i></p> <p><i>[Not Applicable: [the Issuer does not consent to the use of the Base Prospectus for subsequent resales.]/[the Notes are issued in denominations of at least EUR100,000 (or its equivalent in any other currency).]</i></p> <p><b>An Investor intending to acquire or acquiring any Notes from an Authorised Offeror will do so, and offers and sales of the Notes to an Investor by an 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, allocation, settlement arrangements and any expenses or taxes to be charged to the Investor (the "Terms and Conditions of the Public Offer"). Neither the Company nor the Bank will be a party to any such arrangements with Investors (other than Dealers) in connection with the offer or sale of the Notes and, accordingly, this Base Prospectus and any Final Terms will not contain such information.</b></p> <p><b>The Terms and Conditions of the Public Offer shall be published by that Authorised Offeror on its website at the relevant time. None of the Issuers, any of the Dealers or other Authorised Offerors has any responsibility or liability for such information.</b></p>
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<b>Section B – Issuers</b>		
<b>B.1</b>	<b>Legal name of the Company:</b>  <b>Commercial name of the Company:</b>	Barclays PLC (the " <b>Company</b> " or " <b>Barclays</b> ")  Barclays
<b>B.2</b>	<b>Domicile and legal form of the Company:</b>	<p>The Company was incorporated in England and Wales on 20 July 1896 under the Companies Acts 1862 to 1890 as a company limited by shares and was reregistered in 1982 as a public limited company under the Companies Acts 1948 to 1980. The Company is registered under company number 48839. The Company was renamed Barclays PLC on 1 January 1985.</p> <p>The principal laws and legislation under which the Company operates are laws of England and Wales including the Companies Act.</p> <p>The Company is domiciled in the UK. The registered office of the Company is at 1 Churchill Place, London E14 5HP (telephone number: +44 (0)20 7116 1000).</p>
<b>B.4b</b>	<b>Trends:</b>	<p>The business and earnings of the Company and its consolidated subsidiaries (the "<b>Group</b>") can be affected by the fiscal or other policies and other actions of various governmental and regulatory authorities in the UK, European Union (the "<b>EU</b>"), U.S. and elsewhere, which are all subject to change. The regulatory response to the financial crisis has led and will continue to lead to very substantial regulatory changes in the UK, EU and U.S. and in other countries in which the Group operates. It has also (amongst other things) led to (i) a more assertive approach being demonstrated by the authorities in many jurisdictions, and (ii) enhanced capital and liquidity requirements (for example pursuant to the fourth Capital Requirements Directive ("<b>CRD IV</b>"). Any future regulatory changes may restrict the Group's operations, mandate certain lending activity and impose other, significant compliance costs.</p> <p>Known trends affecting the Company and the industry in which the Company operates include:</p> <ul style="list-style-type: none"> <li>• continuing political and regulatory scrutiny of the banking industry which, in some cases, is leading to increased or changing regulation that is likely to have a significant effect on the structure and management of the Group;</li> <li>• general changes in regulatory requirements, for example, prudential rules relating to the capital adequacy framework and rules designed to promote financial stability and increase depositor protection;</li> <li>• the U.S. Dodd-Frank Wall Street Reform and Consumer Protection Act, which contains far reaching regulatory reform (including restrictions on proprietary trading and fund-related activities (the so-called 'Volcker rule'));</li> <li>• recommendations by the Independent Commission on Banking that: (i) the UK and EEA retail banking activities of a UK bank or building society should be placed in a legally distinct, operationally separate and economically independent entity (so-called 'ring-fencing'); and (ii) the loss-absorbing capacity of ring-fenced banks and UK-headquartered global systemically important banks (such as the Issuers) should be increased to</li> </ul>

		<p>levels higher than the Basel 3 proposals; and</p> <ul style="list-style-type: none"> <li>changes in competition and pricing environments.</li> </ul>																																													
<b>B.5</b>	<b>The Group:</b>	<p>The Company is the ultimate holding company of the Group, the principal activities of which are financial services. Barclays is a major global financial services provider. Alongside its significant corporate and investment banking businesses, it also engages in wealth and investment management, personal banking and credit cards. The Company has the following significant subsidiaries and subsidiary undertakings (each of which is considered by the Company to be likely to have a significant effect on the assessment of its assets and liabilities, financial position or profits and losses):</p> <table border="1"> <thead> <tr> <th><u>Name of subsidiary undertaking</u></th> <th><u>Country of registration or incorporation</u></th> <th><u>% of holding of shares and voting rights</u></th> <th><u>Principal activities</u></th> </tr> </thead> <tbody> <tr> <td>Barclays Bank PLC .....</td> <td>England</td> <td>100</td> <td>Banking, holding company</td> </tr> <tr> <td>Barclays Bank Trust Company Limited.....</td> <td>England</td> <td>100</td> <td>Banking, asset management and trust services</td> </tr> <tr> <td>Barclays Capital Securities Limited .....</td> <td>England</td> <td>100</td> <td>Securities dealing</td> </tr> <tr> <td>Barclays Private Clients International Limited.....</td> <td>Isle of Man</td> <td>100*</td> <td>Banking</td> </tr> <tr> <td>Barclays Securities Japan Limited .....</td> <td>Japan</td> <td>100</td> <td>Securities dealing</td> </tr> <tr> <td>Barclays Africa Group Limited .....</td> <td>South Africa</td> <td>62.3</td> <td>Banking, holding company</td> </tr> <tr> <td>Barclays Bank S.A.U. ....</td> <td>Spain</td> <td>100*</td> <td>Banking</td> </tr> <tr> <td>Barclays Capital Inc. ....</td> <td>USA</td> <td>100</td> <td>Securities dealing</td> </tr> <tr> <td>Barclays Bank Delaware .....</td> <td>USA</td> <td>100</td> <td>U.S. credit card issuer</td> </tr> </tbody> </table> <p>The country of registration or incorporation is also the principal area of operation of each of the above subsidiaries. * Investments in subsidiaries held directly by the Bank are marked *.</p>	<u>Name of subsidiary undertaking</u>	<u>Country of registration or incorporation</u>	<u>% of holding of shares and voting rights</u>	<u>Principal activities</u>	Barclays Bank PLC .....	England	100	Banking, holding company	Barclays Bank Trust Company Limited.....	England	100	Banking, asset management and trust services	Barclays Capital Securities Limited .....	England	100	Securities dealing	Barclays Private Clients International Limited.....	Isle of Man	100*	Banking	Barclays Securities Japan Limited .....	Japan	100	Securities dealing	Barclays Africa Group Limited .....	South Africa	62.3	Banking, holding company	Barclays Bank S.A.U. ....	Spain	100*	Banking	Barclays Capital Inc. ....	USA	100	Securities dealing	Barclays Bank Delaware .....	USA	100	U.S. credit card issuer					
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<b>B.9</b>	<b>Profit Forecast:</b>	Not Applicable. The Company has not made any profit forecasts or estimates.																																													
<b>B.10</b>	<b>Audit Report Qualifications:</b>	Not Applicable. There are no qualifications in the audit reports to the 2011 financial statements or the 2012 financial statements of the Company.																																													
<b>B.12</b>	<b>Key Financial Information:</b>	<p>The Group's financial information below is extracted from the audited consolidated financial statements of the Company for the year ended 31 December 2012 and the unaudited consolidated interim results of the Company for the six months ended 30 June 2013.</p> <table border="1"> <thead> <tr> <th></th> <th><b>30 Jun 2013</b></th> <th><b>30 Jun 2012</b></th> <th><b>31 Dec 2012</b></th> <th><b>31 Dec 2011</b></th> </tr> <tr> <th></th> <th><i>(unaudited)</i></th> <th><i>(Restated)</i></th> <th><i>(Restated)</i></th> <th><i>(Restated)</i></th> </tr> <tr> <th></th> <th><i>(£m)</i></th> <th><i>(£m)</i></th> <th><i>(£m)</i></th> <th><i>(£m)</i></th> </tr> </thead> <tbody> <tr> <td>Total net loans and advances.....</td> <td>516,513</td> <td>501,509</td> <td>464,368</td> <td>479,380</td> </tr> <tr> <td>Total deposits .....</td> <td>538,594</td> <td>502,736</td> <td>462,423</td> <td>457,148</td> </tr> <tr> <td><b>Total assets.....</b></td> <td><b>1,532,733</b></td> <td><b>1,629,056</b></td> <td><b>1,488,335</b></td> <td><b>1,562,083</b></td> </tr> <tr> <td>Shareholders' equity excluding non-controlling interests .....</td> <td>51,083</td> <td>50,935</td> <td>50,615</td> <td>54,352</td> </tr> <tr> <td>Non-controlling interests .....</td> <td>9,054</td> <td>9,485</td> <td>9,371</td> <td>9,607</td> </tr> <tr> <td><b>Total shareholders' equity.....</b></td> <td><b>60,137</b></td> <td><b>60,420</b></td> <td><b>59,986</b></td> <td><b>63,959</b></td> </tr> </tbody> </table>		<b>30 Jun 2013</b>	<b>30 Jun 2012</b>	<b>31 Dec 2012</b>	<b>31 Dec 2011</b>		<i>(unaudited)</i>	<i>(Restated)</i>	<i>(Restated)</i>	<i>(Restated)</i>		<i>(£m)</i>	<i>(£m)</i>	<i>(£m)</i>	<i>(£m)</i>	Total net loans and advances.....	516,513	501,509	464,368	479,380	Total deposits .....	538,594	502,736	462,423	457,148	<b>Total assets.....</b>	<b>1,532,733</b>	<b>1,629,056</b>	<b>1,488,335</b>	<b>1,562,083</b>	Shareholders' equity excluding non-controlling interests .....	51,083	50,935	50,615	54,352	Non-controlling interests .....	9,054	9,485	9,371	9,607	<b>Total shareholders' equity.....</b>	<b>60,137</b>	<b>60,420</b>	<b>59,986</b>	<b>63,959</b>
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		<p>Credit impairment charges and provisions ..... (1,631) (1,710) (3,340) (5,602)</p> <p><b>Profit/ (loss) before tax from continuing operations..... 1,677 871 797 5,770</b></p> <p><i>Statements of no significant or material adverse change</i></p> <p>There has been no material adverse change in the prospects of the Company or, as the case may be, the Group since 31 December 2012, nor any significant change in the financial or trading position of the Company or, as the case may be, the Group since 30 June 2013.</p>
<b>B.13</b>	<b>Recent Events:</b>	<p>On 6 December 2012, the Bank entered into an agreement to combine the majority of its Africa operations (the "<b>African Business</b>") with Absa Group Limited ("<b>Absa</b>"). Under the terms of the combination, Absa acquired Barclays Africa Limited, the holding company of the African Business, for a consideration of 129,540,636 Absa ordinary shares (representing a value of approximately £1.3 billion for Barclays Africa Limited). The combination completed on 31 July 2013 and, on completion, Barclays' stake in Absa increased from 55.5 per cent. to 62.3 per cent. Absa was subsequently renamed Barclays Africa Group Limited but continues to trade under the name Absa.</p> <p>On 9 October 2012, the Bank entered into an agreement to acquire the deposits, mortgages and business assets of ING Direct UK. Under the terms of the transaction, which completed on 5 March 2013, the Bank acquired amongst other business assets a deposit book with balances of approximately £11.6 billion and a mortgage book with outstanding balances of approximately £5.3 billion recognised by Barclays.</p> <p>On 22 May 2012, the Bank entered into an agreement to dispose of the Bank's entire holding in BlackRock, Inc. ("<b>BlackRock</b>") pursuant to an underwritten public offer and a partial buy-back by BlackRock. On completion on 29 May 2012, the Bank received net proceeds of approximately U.S.\$5.5 billion (£3.5 billion).</p> <p>On 30 July 2013, the Company announced an underwritten rights issue to raise approximately £5.8 billion (net of expenses). The rights issue was made to qualifying shareholders on the basis of one new ordinary share for every four existing ordinary shares held by shareholders at close of business on 13 September 2013. On 4 October 2013, the Company announced that it had received valid acceptances in respect of 94.63 per cent. of the total number of new ordinary shares offered to shareholders pursuant to the rights issue. The underwriters subsequently procured subscribers for the remaining ordinary shares for which acceptances were not received. On 30 October 2013, the Company announced the following estimated ratios as at 30 September 2013 on a post-rights issue basis: Core Tier 1 ratio of 12.9 per cent., estimated fully loaded CRD IV Common Equity Tier 1 ratio of 9.6 per cent., estimated fully loaded CRD IV leverage ratio of 2.9 per cent. and estimated PRA Leverage Ratio of 2.6 per cent. the Company also announced on 30 October 2013 that the execution of the plan to meet the 3 per cent. PRA Leverage Ratio by June 2014 is on track. In accordance with its capital plan, on 20 November 2013 the Group issued U.S.\$2 billion 8.25% CRD IV qualifying Contingent Convertible Additional Tier 1 securities with a 7% fully loaded Common Equity Tier 1 ratio trigger.</p>

<b>B.14</b>	<b>Dependence upon other entities within the Group:</b>	The Company is the ultimate holding company of the Group.
<b>B.15</b>	<b>The Company's Principal Activities:</b>	The Group is a major global financial services provider engaged in personal banking, credit cards, corporate and investment banking and wealth and investment management with an extensive international presence in Europe, the Americas, Africa and Asia. With over 300 years of history and expertise in banking, the Group operates in over 50 countries and as at 30 June 2013, employed approximately 139,900 people.
<b>B.16</b>	<b>Controlling Persons:</b>	The whole of the issued ordinary share capital of the Bank is beneficially owned by the Company, which is the ultimate holding company of the Group.  The Company is the ultimate holding company of the Group.
<b>B.17</b>	<b>Ratings assigned to the Company or its Debt Securities:</b>	The short term unsecured obligations of the Company are rated A-2 by Standard & Poor's Credit Market Services Europe Limited (" <b>Standard &amp; Poor's</b> "), P-2 by Moody's Investors Service Ltd. (" <b>Moody's</b> ") and F1 by Fitch Ratings Limited (" <b>Fitch</b> "), and the long-term obligations of the Company are rated A- by Standard & Poor's, A3 by Moody's and A by Fitch.  Each of Moody's, Standard & Poor's and Fitch is established in the European Union and is registered under Regulation (EC) No. 1060/2009 (as amended) (the " <b>CRA Regulation</b> "). As such, each of Moody's, Standard & Poor's and Fitch is included in the list of credit rating agencies published by the European Securities and Markets Authority on its website in accordance with the CRA Regulation.  <i>[The Notes [have been]/[are expected to be] rated [ ] by [ ]. 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.]</i>
<b>B.1</b>	<b>Legal name of the Bank:</b>  <b>Commercial name of the Bank:</b>	Barclays Bank PLC (the " <b>Bank</b> ")  Barclays
<b>B.2</b>	<b>Domicile and legal form of the Issuer:</b>	The Bank is a public limited company registered in England and Wales under number 1026167. The liability of the members of the Bank is limited.  The principal laws and legislation under which the Bank operates are laws of England and Wales including the Companies Act.  The Bank is domiciled in the UK. The registered office of the Bank is at 1 Churchill Place, London E14 5HP (telephone number: +44 (0)20 7116 1000).
<b>B.4b</b>	<b>Trends:</b>	The business and earnings of the Group can be affected by the fiscal or other policies and other actions of various governmental and regulatory authorities in the UK, EU, U.S. and elsewhere, which are all subject to change. The regulatory response to the financial crisis has led and will continue to lead to very substantial regulatory changes in the UK, EU and U.S. and in other countries in which the Group operates. It has also (amongst other things) led to (i) a more assertive approach being



		<p>demonstrated by the authorities in many jurisdictions, and (ii) enhanced capital and liquidity requirements (for example pursuant to the fourth Capital Requirements Directive ("<b>CRD IV</b>")). Any future regulatory changes may restrict the Group's operations, mandate certain lending activity and impose other, significant compliance costs.</p> <p>Known trends affecting the Bank and the industry in which the Bank operates include:</p> <ul style="list-style-type: none"> <li>• continuing political and regulatory scrutiny of the banking industry which, in some cases, is leading to increased or changing regulation that is likely to have a significant effect on the structure and management of the Group;</li> <li>• general changes in regulatory requirements, for example, prudential rules relating to the capital adequacy framework and rules designed to promote financial stability and increase depositor protection;</li> <li>• the U.S. Dodd-Frank Wall Street Reform and Consumer Protection Act, which contains far reaching regulatory reform (including restrictions on proprietary trading and fund-related activities (the so-called 'Volcker rule'));</li> <li>• recommendations by the Independent Commission on Banking that: (i) the UK and EEA retail banking activities of a UK bank or building society should be placed in a legally distinct, operationally separate and economically independent entity (so-called 'ring-fencing'); and (ii) the loss-absorbing capacity of ring-fenced banks and UK-headquartered global systemically important banks (such as the Issuers) should be increased to levels higher than the Basel 3 proposals; and</li> <li>• changes in competition and pricing environments.</li> </ul>
<b>B.5</b>	<b>The Group:</b>	<p>The whole of the issued ordinary share capital of the Bank is beneficially owned by the Company.</p> <p>The Company is the ultimate holding company of the Group, the principal activities of which are financial services. Barclays is a major global financial services provider. Alongside its significant corporate and investment banking businesses, it also engages in wealth and investment management, personal banking and credit cards. The Company has the following significant subsidiaries and subsidiary undertakings (each of which is considered by the Company to be likely to have a significant effect on the assessment of its assets and liabilities, financial position or profits and losses):</p>

		<u>Name of subsidiary undertaking</u>	<u>Country of registration or incorporation</u>	<u>% of holding of shares and voting rights</u>	<u>Principal activities</u>	
		Barclays Bank PLC .....	England	100	Banking, holding company	
		Barclays Bank Trust Company Limited.....	England	100	Banking, asset management and trust services	
		Barclays Capital Securities Limited .....	England	100	Securities dealing	
		Barclays Private Clients International Limited.....	Isle of Man	100*	Banking	
		Barclays Securities Japan Limited .....	Japan	100	Securities dealing	
		Barclays Africa Group Limited .....	South Africa	62.3	Banking, holding company	
		Barclays Bank S.A.U. ....	Spain	100*	Banking	
		Barclays Capital Inc. ....	USA	100	Securities dealing	
		Barclays Bank Delaware .....	USA	100	U.S. credit card issuer	
		The country of registration or incorporation is also the principal area of operation of each of the above subsidiaries. * Investments in subsidiaries held directly by the Bank are marked *.				
<b>B.9</b>	<b>Profit Forecast:</b>	Not Applicable. The Bank has not made any profit forecasts or estimates.				
<b>B.10</b>	<b>Audit Report Qualifications:</b>	Not Applicable. There are no qualifications in the audit reports to the 2011 financial statements or the 2012 financial statements of the Company.				
<b>B.12</b>	<b>Key Financial Information:</b>	Financial Information of the Bank and its consolidated subsidiaries (the "Bank Group") below is extracted from the audited consolidated financial statements of the Bank for the year ended 31 December 2012 and the unaudited consolidated interim results of the Bank for six months ended 30 June 2013.				
			<b>30 Jun 2013</b>	<b>30 Jun 2012</b>	<b>31 Dec 2012</b>	<b>31 Dec 2011</b>
			<i>(unaudited)</i> <i>(£m)</i>	<i>(unaudited)</i> <i>(£m)</i>	<i>(audited)</i> <i>(£m)</i>	<i>(audited)</i> <i>(£m)</i>
		Total net loans and advances.....	516,949	501,509	466,627	478,726
		Total deposits .....	538,624	502,818	462,806	457,161
		<b>Total assets.....</b>	<b>1,533,378</b>	<b>1,629,089</b>	<b>1,490,747</b>	<b>1,563,402</b>
		Shareholders' equity excluding non-controlling interests .....	56,774	57,414	60,038	62078
		Non-controlling interests .....	2,620	2,957	2,856	3,092
		<b>Total shareholders' equity.....</b>	<b>59,394</b>	<b>60,371</b>	<b>62,894</b>	<b>65,170</b>
		Credit impairment charges and provisions .....	(1,631)	(1,710)	(3,596)	(3,802)
		<b>Profit/ (loss) before tax from continuing operations.....</b>	<b>1,648</b>	<b>716</b>	<b>99</b>	<b>5,974</b>

		<p><i>Statements of no significant or material adverse change</i></p> <p>There has been no material adverse change in the prospects of the Bank or, as the case may be, the Bank Group since 31 December 2012, nor any significant change in the financial or trading position of the Bank or, as the case may be, the Bank Group since 30 June 2013.</p>
<b>B.13</b>	<b>Recent Events:</b>	<p>On 6 December 2012, the Bank entered into an agreement to combine the majority of its Africa operations (the "<b>African Business</b>") with Absa Group Limited ("<b>Absa</b>"). Under the terms of the combination, Absa acquired Barclays Africa Limited, the holding company of the African Business, for a consideration of 129,540,636 Absa ordinary shares (representing a value of approximately £1.3 billion for Barclays Africa Limited). The combination completed on 31 July 2013 and, on completion, Barclays' stake in Absa increased from 55.5 per cent. to 62.3 per cent. Absa was subsequently renamed Barclays Africa Group Limited but continues to trade under the name Absa.</p> <p>On 9 October 2012, the Bank entered into an agreement to acquire the deposits, mortgages and business assets of ING Direct UK. Under the terms of the transaction, which completed on 5 March 2013, the Bank acquired amongst other business assets a deposit book with balances of approximately £11.6 billion and a mortgage book with outstanding balances of approximately £5.3 billion recognised by Barclays.</p> <p>On 22 May 2012, the Bank entered into an agreement to dispose of the Bank's entire holding in BlackRock, Inc. ("<b>BlackRock</b>") pursuant to an underwritten public offer and a partial buy-back by BlackRock. On completion on 29 May 2012, the Bank received net proceeds of approximately U.S.\$5.5 billion (£3.5 billion).</p> <p>On 30 July 2013, the Company announced an underwritten rights issue to raise approximately £5.8 billion (net of expenses). The rights issue was made to qualifying shareholders on the basis of one new ordinary share for every four existing ordinary shares held by shareholders at close of business on 13 September 2013. On 4 October 2013, the Company announced that it had received valid acceptances in respect of 94.63 per cent. of the total number of new ordinary shares offered to shareholders pursuant to the rights issue. The underwriters subsequently procured subscribers for the remaining ordinary shares for which acceptances were not received. On 30 October 2013, the Company announced the following estimated ratios as at 30 September 2013 on a post-rights issue basis: Core Tier 1 ratio of 12.9 per cent., estimated fully loaded CRD IV Common Equity Tier 1 ratio of 9.6 per cent., estimated fully loaded CRD IV leverage ratio of 2.9 per cent. and estimated PRA Leverage Ratio of 2.6 per cent. the Company also announced on 30 October 2013 that the execution of the plan to meet the 3 per cent. PRA Leverage Ratio by June 2014 is on track. In accordance with its capital plan, on 20 November 2013 the Group issued U.S.\$2 billion 8.25% CRD IV qualifying Contingent Convertible Additional Tier 1 securities with a 7% fully loaded Common Equity Tier 1 ratio trigger.</p>
<b>B.14</b>	<b>Dependence upon other entities within the Group:</b>	<p>The whole of the issued ordinary share capital of the Bank is beneficially owned by the Company, which is the ultimate holding company of the Group.</p>
<b>B.15</b>	<b>The Bank's Principal</b>	<p>The Group is a major global financial services provider engaged in personal banking, credit cards, corporate and investment banking and</p>

	<b>Activities:</b>	wealth and investment management with an extensive international presence in Europe, the Americas, Africa and Asia. With over 300 years of history and expertise in banking, the Group operates in over 50 countries and as at 30 June 2013, employed approximately 139,900 people.
<b>B.16</b>	<b>Controlling Persons:</b>	The whole of the issued ordinary share capital of the Bank is beneficially owned by the Company, which is the ultimate holding company of the Group.
<b>B.17</b>	<b>Ratings assigned to the Bank or its Debt Securities:</b>	<p>The short term unsecured obligations of the Bank are rated A-1 by Standard &amp; Poor's, P-1 by Moody's, and F1 by Fitch and the long-term obligations of the Bank are rated A by Standard &amp; Poor's, A2 by Moody's, and A by Fitch.</p> <p>Each of Moody's, Standard &amp; Poor's and Fitch is established in the European Union and is registered under Regulation (EC) No. 1060/2009 (as amended) (the "<b>CRA Regulation</b>"). As such, each of Moody's, Standard &amp; Poor's and Fitch is included in the list of credit rating agencies published by the European Securities and Markets Authority on its website in accordance with the CRA Regulation.</p> <p><i>[The Notes [have been]/[are expected to be] rated [ ] by [ ]. 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.]</i></p>

**Section C – The Notes**

<p><b>C.1</b></p>	<p><b>Description of Type and Class of Securities:</b></p>	<p><b>Issuance in Series:</b> Notes will be issued in Series. Each Series may comprise one or more Tranches issued on different issue dates. The Notes of each Series will all be subject to identical terms, except that the issue date and the amount of the first payment of interest may be different in respect of different Tranches. The Notes of each Tranche will all be subject to identical terms in all respects save that a Tranche may comprise Notes of different denominations.</p> <p><i>[The Notes are issued as Series number [●], Tranche number [●].]</i></p> <p><i>[The Notes shall be consolidated, form a single series and be interchangeable for trading purposes with the [●] on [●].]</i></p> <p><b>Forms of Notes:</b> Notes may be issued in bearer form ("<b>Bearer Notes</b>") or in registered form ("<b>Registered Notes</b>").</p> <p><i>Bearer Notes:</i></p> <p>Bearer Notes will be sold outside the United States to non-U.S. persons in "offshore transactions" within the meaning of Regulation S.</p> <p>In respect of each Tranche of Bearer Notes, the relevant Issuer will deliver a temporary global Note (a "<b>Temporary Global Note</b>") or (if TEFRA is specified as non-applicable or if the TEFRA C Rules are specified as applicable) a permanent global note (a "<b>Permanent Global Note</b>" and, together with the Temporary Global Note, the "<b>Bearer Global Note</b>"). Each global Note which is intended to be issued in new global note ("NGN" or "<b>New Global Note</b>") form, as specified in the relevant final terms ("<b>Final Terms</b>"), will be deposited on or around the relevant issue date with a common safekeeper for Euroclear Bank SA/NV ("<b>Euroclear</b>") and/or Clearstream Banking, <i>société anonyme</i> ("<b>Clearstream, Luxembourg</b>") and each global Note which is not intended to be issued in NGN form (a "<b>Classic Global Note</b>" or "<b>CGN</b>"), as specified in the relevant Final Terms, will be deposited on or before the relevant issue date therefore with a depositary or a common depositary for Euroclear and/or Clearstream, Luxembourg and/or a sub-custodian for the Central Moneymarkets Unit Service (the "<b>CMU Service</b>") operated by the Hong Kong Monetary Authority (the "<b>HKMA</b>") and/or any other relevant clearing system.</p> <p>Each Temporary Global Note will be exchangeable for a Permanent Global Note or, if so specified in the relevant Final Terms, for Notes in definitive bearer form ("<b>Definitive Bearer Notes</b>") and/or Registered Notes in accordance with its terms. Each Permanent Global Note will be exchangeable for Definitive Bearer Notes and/or (if so specified in the relevant Final Terms) Registered Notes in accordance with its terms in certain limited circumstances. Definitive Bearer Notes will, if interest-bearing, either have interest coupons ("<b>Coupons</b>") attached and, if appropriate, a talon ("<b>Talon</b>") for further Coupons and will, if the principal thereof is repayable by instalments, have payment receipts ("<b>Receipts</b>") attached.</p>
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		<p><i>Registered Notes:</i></p> <p>Each Tranche of Notes in registered form ("<b>Registered Notes</b>") will be represented by either (i) individual note certificates in registered form ("<b>Individual Certificates</b>"); or (ii) one or more unrestricted global note certificates ("<b>Unrestricted Global Certificates</b>") in the case of Registered Notes sold outside the United States to non-U.S. persons in reliance on Regulation S under the Securities Act and/or one or more restricted global note certificates ("<b>Restricted Global Certificates</b>") (together with the Unrestricted Global Certificate(s), the "<b>Global Certificates</b>") in the case of Registered Notes sold to "qualified institutional buyers" (each, a "<b>QIB</b>") in reliance on Rule 144A under the Securities Act.</p> <p>Each Note represented by an Unrestricted Global Certificate will either be: (a) in the case of a Global Certificate which is not to be held under the new safekeeping structure ("<b>NSS</b>"), registered in the name of a common depository (or its nominee) for Euroclear and/or Clearstream, Luxembourg and/or a sub-custodian for the CMU Service and/or any other relevant clearing system and the relevant Unrestricted Global Certificate will be deposited on or about the issue date with the common depository and/or the sub-custodian; or (b) in the case of a Global Certificate to be held under the NSS, registered in the name of a common safekeeper (or its nominee) for Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system and the relevant Unrestricted Global Certificate will be deposited on or about the issue date with the common safekeeper for Euroclear and/or Clearstream, Luxembourg. Each Note represented by a Restricted Global Certificate will be registered in the name of Cede &amp; Co. as nominee for DTC and the relevant Restricted Global Certificate will be deposited on or about the issue date with the custodian for DTC (the "<b>DTC Custodian</b>"). Beneficial interests in Notes represented by a Restricted Global Certificate may only be held through DTC at any time.</p> <p><b>Security Identification Number(s):</b> In respect of each Tranche of Notes, the relevant security identification number(s) will be specified in the relevant Final Terms.</p> <p>[<i>ISIN Code:</i> [●]]</p> <p>[<i>Common Code:</i> [●]]</p> <p>[<i>CMU Instrument Number:</i> [●]]</p>
C.2	<b>Currency of the Securities Issue:</b>	<p>Notes may be denominated in euro, U.S. dollars, pounds sterling, Yen, RMB or in any other currency or currencies, subject to compliance with all applicable legal and/or regulatory and/or central bank requirements.</p> <p>[<i>The Notes are denominated in</i> [●].]</p>
C.5	<b>Free Transferability:</b>	<p>With respect to the United States, Notes offered and sold outside the United States to non-US persons in reliance on 'Regulation S' or Notes offered and sold within the United States to "qualified institutional buyers" in reliance on 'Rule 144A' must comply with transfer restrictions.</p> <p>Notes held in a clearing system will be transferred in accordance with the rules, procedures and regulations of that clearing system.</p> <p>Subject to the above, and to compliance with any applicable transfer restrictions, the Notes will be freely transferable.</p>

C.8	<p><b>The Rights Attaching to the Securities, including Ranking and Limitations to those Rights:</b></p>	<p><b>Status of the Notes:</b></p> <p><b>Status of Senior Notes:</b> The Notes of each Series issued on an unsubordinated basis ("<b>Senior Notes</b>") (and the Coupons relating thereto, if any) will constitute direct, general, unconditional, unsubordinated and unsecured obligations of the relevant Issuer which will at all times rank <i>pari passu</i> among themselves and at least <i>pari passu</i> with all other present and future unsecured and unsubordinated obligations of the relevant Issuer other than obligations preferred by law that are both mandatory and of general application.</p> <p><b>Status of Tier 2 Capital Notes:</b> The Notes of each Series issued on a subordinated basis ("<b>Tier 2 Capital Notes</b>") (and the Coupons relating thereto, if any) constitute direct, subordinated and unsecured obligations of the relevant Issuer ranking <i>pari passu</i> without any preference among themselves. In the event of the winding up or administration of the relevant Issuer, the claims of the Trustee (on behalf of Noteholders but not the rights and claims of the Trustee in its personal capacity), the Holders of Tier 2 Capital Notes and any related Coupons against the relevant Issuer in respect of such Notes and Coupons (including any damages or other payments awarded for breach of any obligations (if payable)) shall (i) be subordinated in the manner provided in the Trust Deed to the claims of all Senior Creditors; (ii) rank at least <i>pari passu</i> with the claims of all other subordinated creditors of the relevant Issuer which in each case by law rank, or by their terms are expressed to rank, <i>pari passu</i> with the Tier 2 Capital Notes; and (iii) rank senior to the relevant Issuer's ordinary shares, preference shares and any junior subordinated obligations or other securities of the relevant Issuer which by law rank, or by their terms are expressed to rank, junior to the Tier 2 Capital Notes.</p> <p><i>Status of the Notes: [The Notes constitute direct, general and unconditional obligations of the Issuer which rank at least pari passu with all other present and future unsecured obligations of the Issuer, save for such obligations as may be preferred by provisions of law that are both mandatory and of general application.] [•]</i></p> <p><b>Denominations:</b></p> <p>The Notes may be issued in such denominations as may be specified in the relevant Final Terms save that no Notes may be issued under the Programme which (a) have a denomination of less than €1,000 or (b) in the case of Notes issued by the Company which have a maturity of less than one year from their issue, have a denomination of less than £100,000 (or, in each case, its equivalent in another currency).</p> <p><b>Negative Pledge:</b> None.</p> <p><b>Cross Default:</b> None.</p> <p><b>Taxation:</b> Except as otherwise specified in the relevant Final Terms, all payments in respect of Notes will be made free and clear of withholding taxes of the United Kingdom unless the withholding is required by law. In that event, the relevant Issuer will, subject to customary exceptions, pay such additional amounts as will result in the Noteholders receiving such amounts as they would have received in respect of such Notes had no such withholding been required.</p> <p><b>Governing Law:</b> English law.</p>
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C.9	<p><b>The Rights Attaching to the Securities - Information as to Interest, Maturity, Redemption, Yield and the Representative of the Holders:</b></p>	<p><b>Interest:</b> Notes may be interest-bearing or non-interest bearing. Interest (if any) may accrue at a fixed rate, a resetting rate or a floating rate based upon EURIBOR, LIBOR, BBSW, SHIBOR, CHIBOR, CNH HIBOR, TIBOR, STIBOR, SIBOR, HIBOR or CDOR. In respect of each Tranche of Notes, the date from which interest becomes payable and the due dates for interest, the maturity date the repayment procedures and an indication of yield will be specified in the relevant Final Terms.</p> <p><i>[Interest: The Notes bear interest from [●] at a fixed rate of [●] per cent. per annum payable in arrear on [●].]</i></p> <p><i>[Interest: The Notes bear interest from [●] at a rate equal to the sum of [●] per cent. per annum and [period]/[currency][EURIBOR/ LIBOR/ BBSW/ SHIBOR/ CHIBOR/ CNH HIBOR/ TIBOR/ STIBOR/ SIBOR/ HIBOR/ CDOR] determined in respect of each Interest Period on the day which is [[●] [business days] before] the first day of the Interest Period and payable in arrear on [●].]</i></p> <p><i>[Interest: The Notes bear interest from [●] at a fixed rate of [●] per cent. per annum payable in arrear on [●]. Thereafter, interest on the Notes resets on [●] [and [●]] by reference to the Mid-Market Swap Rate for the relevant Specified Currency, and for a period equal to [●], plus [●] per cent. per annum payable in arrear on [●].]</i></p> <p><i>[Interest: The Notes do not bear interest.]</i></p> <p><b>Maturities:</b> Subject to all applicable legal and regulatory requirements, Notes may have any maturity subject to a minimum maturity of three months. Under current requirements in the case of Tier 2 Capital Notes in accordance with the requirements of the PRA, the minimum maturity will be five years. Such minimum maturities may be subject to increase or decrease from time to time as a result of changes in applicable legal or regulatory requirements.</p> <p><i>[Maturity Date: Unless previously redeemed, or purchased and cancelled, the Notes will be redeemed on [●].]</i></p> <p><b>Redemption:</b> Notes may be redeemable at par or at such other Redemption Amount as may be specified in the relevant Final Terms. Notes may also be redeemable in two or more instalments on such dates and in such manner as may be specified in the relevant Final Terms.</p> <p><i>[Final Redemption Amount: Unless previously redeemed, or purchased and cancelled, each Note will be redeemed at its Final Redemption Amount of [●].]</i></p> <p><b>Optional Redemption:</b> There will be no optional right to redeem Notes of any Series, except for taxation reasons or where the relevant Final Terms provide for early redemption at the option of the relevant Issuer and/or the relevant Noteholders or, in the case of Tier 2 Capital Notes, for regulatory reasons.</p> <p><i>[Redemption at the option of the Issuer: The Notes may be redeemed at the option of the Issuer [in whole]/[in whole or in part] on [●] at [●], plus accrued interest (if any) to such date, on the Issuer's giving not less than [30] nor more than [60] days' notice to the Noteholders.]</i></p>
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		<p><i>[Redemption at the option of the Noteholders: The Issuer shall, at the option of the holder of any Note redeem such Note on [●] at [●] together with interest (if any) accrued to such date.]</i></p> <p><b>Tax Redemption:</b> subject to certain conditions, the Notes may be redeemed <i>provided that</i>:</p> <p>(a) the relevant Issuer provides not less than 30 days' nor more than 60 days' prior notice to the Trustee and the Holders of the Notes (such notice being irrevocable) specifying the date fixed for such redemption; and</p> <p>(b) if, immediately before giving such notice, the relevant Issuer satisfies the Trustee that:</p> <p>(i) the relevant Issuer has or will become obliged to pay certain additional amounts; or</p> <p>(ii) in the case of Tier 2 Capital Notes only, interest payments under or with respect to the Notes are no longer fully deductible for UK corporation tax purposes; or</p> <p>(iii) in the case of Tier 2 Capital Notes only, the relevant Issuer would not, as a result of the Notes being in issue, be able to have losses or deductions set against the profits or gains, or profits or gains offset by the losses or deductions, of companies with which the relevant Issuer is or would otherwise be so grouped for applicable United Kingdom tax purposes (whether under the group relief system current as at the date of issue of the Notes or any similar system or systems having like effect as may from time to time exist);</p> <p>(each such change in tax law or regulation or the official application or interpretation thereof, a "<b>Tax Event</b>"); and</p> <p>in the case of each of (i), (ii) and (iii), such obligation cannot be avoided by the relevant Issuer taking reasonable measures available to it,</p> <p>provided, further, that no such notice of redemption shall be given earlier than (1) where the Notes may be redeemed at any time, 90 days prior to the earliest date on which the relevant Issuer would be obliged to pay such additional amounts or is unable to make such deduction if a payment in respect of the Notes were then due; or (2) where the Notes may be redeemed only on an Interest Payment Date, 60 days prior to the Interest Payment Date occurring immediately before the earliest date on which the relevant Issuer would be obliged to pay such additional amounts or is unable to make such deduction if a payment in respect of the Notes were then due.</p>
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<b>C.10</b>	<b>Derivative Components:</b>	Not Applicable. Payments of interest on the Notes shall not include any derivative component.
<b>C.11</b>	<b>Listing and Trading:</b>	<p>Applications have been made for Notes to be admitted during the period of twelve months after the date hereof to listing on the Official List of the Financial Conduct Authority ("FCA") and to trading on the Regulated Market of the London Stock Exchange.</p> <p>[Application has been made for the Notes to be admitted to listing on the Official List of the FCA and to trading on the Regulated Market of the London Stock Exchange.]</p>

<b>Section D – Risks</b>		
<b>D.2</b>	<b>Key information on the key risks that are specific to the Issuers:</b>	<p>Weak or deteriorating economic conditions or political instability in one or a number of countries in any of the Group's main business markets or any other globally significant economy could have a material adverse effect on the Group's operations, financial condition and prospects.</p> <p>The Group is subject to a number of risks in its day-to-day operations, any of which may have an adverse impact on the operations, financial condition and prospects of the Group:</p>

		<p><b>Credit Risk:</b> The Group is exposed to the risk of loss if any of its customers, clients or market counterparties fails to fulfil its contractual obligations. Credit risk and, consequently, the Group's performance may also be adversely affected by the impact of deteriorating economic conditions (and their effects, including unemployment, weak or contracting growth, rising inflation, higher interest rates and falling property prices) and risks relating to sovereign debt crises, Eurozone exit or a slowing or withdrawing of monetary stimulus. If some or all of these conditions arise, persist or worsen, they may have a material adverse effect on the Group's operations, financial condition and prospects. In addition, the Investment Bank holds a significant portfolio of credit market assets which (i) remain illiquid, (ii) are valued based on assumptions, judgements and estimates which may change over time and (iii) may be subject to further deterioration and write downs. Corporate Banking also holds a portfolio of longer term loans on a fair value basis, which are subject to market movements and which may therefore give rise to losses. In either case, these could have a material adverse effect on the Group's operations, financial condition and prospects.</p> <p><b>Market risk:</b> The Group is at risk from its earnings or capital being reduced due to changes in the level or volatility of positions in its trading books, primarily in the Investment Bank; being unable to hedge its banking book balance sheet at market levels; and the Group's defined benefit pensions obligations increasing or the value of the assets backing those obligations decreasing. These risks could lead to significantly lower revenues, which could have an adverse impact on the Group's operations, financial condition and prospects.</p> <p><b>Funding risk:</b> The Group is exposed to the risk that it may not be able to achieve its business plans due to: an inability to maintain appropriate capital ratios; or a failure to manage its liquidity and funding risk sufficiently; or the impact of changes in foreign exchange rates on capital ratios and/or adverse changes in interest rates impacting structural hedges. These risks could have an adverse impact on the Group's operations, financial condition and prospects.</p> <p><b>Operational risk:</b> The Group is exposed to the risk of breakdowns in processes, systems (including IT systems), controls or procedures or their inadequacy relative to the size and scope of its business. Barclays is also subject to the risk of business disruption arising from events beyond its control, which may give rise to losses or reductions in service to customers and/or economic loss to Barclays.</p> <p><b>Legal and regulatory proceedings:</b> The Group faces the risk of existing and potential future legal and regulatory proceedings and/or private actions and/or class actions being brought by third parties.</p> <p>Final adverse findings arising from the investigations by the FCA, SFO, DOJ and SEC into certain agreements between Barclays and Qatari investors and whether these may have related to capital raisings in June and November 2008 would be likely to give rise to proceedings and/or penalties against the Group. Further, Barclays is party to a non-prosecution agreement with the DOJ in connection with LIBOR investigations, any breach of which could also lead to further proceedings and/or penalties.</p>
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		<p>The Group may incur significant additional expense in connection with existing and potential future legal and regulatory proceedings including for non-compliance by the Group with applicable laws, regulations and codes. This could expose the Group to: substantial monetary damages; loss of significant assets; other penalties and injunctive relief; potential for criminal prosecution in certain circumstances; potential regulatory restrictions on the Group's business; and/or have a negative effect on the Group's reputation, any of which could have an adverse impact on the Group's operations, financial condition and prospects.</p> <p><b>Regulatory risks:</b> The regulatory environment in which the Group operates is subject to significant levels of change. There is a risk that such changes to the regulatory environment (for example, in relation to section 165 of the Dodd-Frank Act, which could give rise to significant adverse capital implications for the Group, depending on the terms on which the provisions are enacted) may adversely affect the Group's business, capital and risk management planning and/or may result in the Group increasing capital, reducing leverage, deciding to modify its legal entity structure, deciding to change how and where capital and funding is deployed within the Group, require the Group to increase its loss-absorbing capacity and/or undertake potential modifications to Barclays' business mix and model (including potential exit of certain business activities). In addition, the risk of such regulatory change will continue to require senior management attention and consume significant levels of business resources.</p> <p>The Group faces significant regulatory scrutiny (for example in relation to systems and controls) in many of the jurisdictions in which it operates, particularly in the UK and the US. If the Group is not able to satisfy its regulators in these jurisdictions as to its compliance with applicable requirements, including any current or future remedial actions required to be taken and/or the satisfactory nature of systems and controls, those regulators could take actions, or require the Group to take actions, which would be damaging to Barclays' businesses and which could have a material adverse effect on the Group's operations, financial condition and prospects.</p> <p><b>Risk of failing to meet the PRA's expectations in relation to the PRA Leverage Ratio by June 2014:</b> In June 2013, following its assessment of the capital adequacy of major UK banks and building societies, the PRA introduced the PRA Leverage Ratio and subsequently, following discussions between Barclays and the PRA, requested that Barclays plan to achieve this target by 30 June 2014. Whilst the PRA has confirmed to Barclays that meeting the target by 30 June 2014 is an expectation (rather than a formal regulatory requirement), Barclays has determined to move swiftly to achieve the target in accordance with the PRA's timing expectations and has discussed and agreed the Leverage Plan with the PRA. There is a risk that Barclays' financial position may diverge from management's current expectations or projections, adversely affecting Barclays' ability to achieve the 3 per cent. target for the PRA Leverage Ratio by 30 June 2014. There is also a risk that (i) the level and basis of calculation of the PRA Leverage Ratio may change, (ii) the PRA Adjustments may change, and/or (iii) the PRA may change its approach to the PRA Leverage Ratio. Any of the above could lead to an alteration by the PRA of its supervisory expectations in relation to the PRA Leverage Ratio. Furthermore, there is a risk that Barclays may not be able to successfully implement other actions required to meet the PRA Leverage Ratio.</p>
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		<p>There is a risk that Barclays may fail to implement the Leverage Plan in full and it considers that it may not meet all of the supervisory expectations of the PRA in relation to leverage by 30 June 2014, the Group may have to take additional or alternative measures to be discussed with the PRA. Additional or alternative measures to address any then outstanding leverage gap could include further reducing leverage exposure (including through asset sales or through making changes to the Group's business model), limiting discretionary distributions (including interest payments on additional tier 1 securities), reducing lending to customers and clients and/or taking additional measures to strengthen Barclays' capital position. If, following discussions with the PRA, the Group were to take additional or alternative measures to improve its leverage position, these may be subject to greater risks and uncertainties than, and may not be as beneficial to the Group and its stakeholders as, the measures contemplated under the Leverage Plan. Accordingly, this might have a damaging effect on the Group's business and lead to a decrease in investor confidence in the Group, an adverse impact on its reputation and/or a negative effect the market price of the Notes.</p> <p><b>Taxation risk:</b> The Group may suffer losses arising from additional tax charges, other financial costs or reputational damage due to: failure to comply with or correctly assess the application of, relevant tax law; failure to deal with tax authorities in a timely, transparent and effective manner; incorrect calculation of tax estimates for reported and forecast tax numbers; or provision of incorrect tax advice.</p> <p><b>Conduct and Reputation risks:</b> The Group is exposed to the risk of inappropriate execution of its business activities or failures in corporate governance or management (for example, if Barclays were to provide funding or services to clients without fully implementing anti-money laundering, anti-bribery or similar controls), or the perception thereof, may cause detriment to customers, clients or counterparties and may lead to reputational damage and reduce the attractiveness of the Group to stakeholders. This may, in turn, lead to negative publicity, loss of revenue, litigation, higher scrutiny and/or intervention from regulators, regulatory or legislative action, loss of existing or potential client business, reduced workforce morale, and difficulties in recruiting and retaining talent. Sustained conduct and reputational damage could affect the Group's operations, financial condition and prospects.</p> <p><b>Transform programme:</b> The Group's ability to implement successfully the Transform programme may be adversely impacted by a significant global macroeconomic downturn, legacy issues, limitations in the Group's management or operational capacity or significant or unexpected regulatory change. Progress in achieving the targets in the Transform programme is unlikely to be uniform or linear. Failure to implement successfully the Transform programme could have a material adverse effect on the Group's ability to achieve the stated targets and other expected benefits of the Transform programme and there is also a risk that the costs associated with implementing the strategy may be higher than the financial benefits achieved through the programme. In addition, the Group may not be successful in meeting the goals of embedding a culture and set of values across the Group and achieving lasting and meaningful change to the Group's culture, and this could negatively impact the Group's operations, financial condition and prospects.</p>
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D.3	<p><b>Key information on the key risks that are specific to the Notes:</b></p>	<p><b>Interest rate risks:</b> investment in fixed rate Notes involves the risk that the subsequent changes in market interest rates may adversely affect the value of any fixed rate Notes.</p> <p><b>Notes may be redeemed prior to maturity:</b> under certain circumstances the relevant Issuer may redeem outstanding Notes prior to maturity in accordance with the Conditions. In such circumstances an investor may not be able to reinvest the redemption proceeds in a comparable security at an effective interest rate as high as that of the relevant Notes and an optional redemption feature is likely to limit the secondary market value of the Notes.</p> <p><b>Notes issued at a discount or premium:</b> may experience price volatility in response to changes in market interest rates;</p> <p><b>Withholding tax:</b> the holder may not receive payment of the full amounts due in respect of the Notes as a result of amounts being withheld by the relevant Issuer in order to comply with applicable law;</p> <p><b>Subordination of Tier 2 Capital Notes:</b> Tier 2 Capital Notes issued under the Programme will be subordinated to most of the relevant Issuer's liabilities;</p> <p><b>There is no active trading market for the Notes:</b> Notes may have no established trading market when issued, and such a trading market may never develop. If such a trading market does develop it may not be liquid;</p> <p><b>Exchange rate risks and exchange controls:</b> the value of an investors investment may be adversely affected by exchange rate movements and exchange controls where the Notes are not denominated in the investor's own currency;</p> <p><b>Credit ratings may not reflect all risks:</b> any credit rating assigned to the Notes or the relevant Issuer may not adequately reflect all the risks associated with an investment;</p> <p><b>Key risks specific to Renminbi denominated Notes:</b></p> <p><b>Renminbi is not freely convertible:</b> Renminbi is not freely convertible and there are significant restrictions on the remittance of Renminbi into and outside the PRC which may adversely affect the liquidity of Renminbi Notes and the relevant Issuer's ability to source Renminbi outside the PRC to service Renminbi Notes. Remittance of proceeds into and outside the PRC depends on obtaining necessary governmental approvals.</p>
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<b>Section E - Offer</b>		
<b>E.2b</b>	<b>Reasons for the Offer and Use of Proceeds:</b>	The net proceeds of the issue of each Series of Senior Notes will be used for general corporate purposes of the relevant Issuer and its subsidiaries and/or the Group. The net proceeds of the issue of each Series of Tier 2 Capital Notes will be used for general corporate purposes of the Group and to strengthen further the regulatory capital base of the relevant Issuer and/or the Group, which may include investments in, or capital contributions to, Group subsidiaries.
<b>E.3</b>	<b>Terms and Conditions of the Offer:</b>	Notes may be issued at any price. The price and amount of Notes to be issued under the Programme will be determined by the Company, the Bank and the relevant Dealer(s) at the time of issue in accordance with prevailing market conditions. The Terms and Conditions of any Authorised Offer shall be published by the relevant Authorised Offeror on its website at the relevant time.  <i>[The Issue Price of the Notes is [•] per cent. of their principal amount.]</i>
<b>E.4</b>	<b>Interests Material to the Issue:</b>	The Issuers have appointed Barclays Bank PLC (in its capacity as arranger and dealer), BNP Paribas, Citigroup Global Markets Limited, Credit Suisse Securities (Europe) Limited, Deutsche Bank AG, London Branch, Goldman Sachs International, Merrill Lynch International, Morgan Stanley & Co. International plc and UBS Limited (and such other additional or other dealers appointed under the Programme from time to time) (together, the " <b>Dealers</b> ") as Dealers for the Programme. The arrangements under which Notes may from time to time be agreed to be sold by the relevant Issuer to, and purchased by, Dealers are set out in the Distribution Agreement made between the Issuers and the Dealers.  <i>[Syndicated Issue: The Issuers have appointed [•], [•] and [•] (together, the "<b>Managers</b>") as Managers of the issue of the Notes. The arrangements under which the Notes are sold by the relevant Issuer to, and purchased by, Managers are set out in the Subscription Agreement made between the Issuers and the Managers]</i>  <i>[Non-Syndicated Issue: The Issuers have appointed [•] (the "<b>Dealer</b>") as Dealer in respect of the issue of the Notes. The arrangements under which the Notes are sold by the relevant Issuer to, and purchased by, Dealer are set out in the Distribution Agreement made between, amongst others, the Issuers and the Dealer]</i>  <i>[Stabilising Manager(s): [•] [and [•].]</i>
<b>E.7</b>	<b>Estimated Expenses:</b>	No expenses will be chargeable by the Issuers to an Investor in connection with any offer of Notes. Any expenses chargeable by an Authorised Offeror to an Investor shall be charged in accordance with any contractual arrangements agreed between the Investor and such Authorised Offeror at the time of the relevant offer.

## **RISK FACTORS**

*Prospective investors should consider carefully the risks set forth below and the other information contained in this Base Prospectus prior to making any investment decision with respect to the Notes. Each of the risks highlighted below could have a material adverse effect on the Issuers' business, operations, financial condition or prospects, which, in turn, could have a material adverse effect on the amount of principal and interest which investors will receive in respect of the Notes. In addition, each of the risks highlighted below could adversely affect the trading price of the Notes or the rights of investors under the Notes and, as a result, investors could lose some or all of their investment.*

*Prospective investors should note that the risks described below are not the only risks the Issuers face. The Issuers have described only those risks relating to their operations that they consider to be material. There may be additional risks that the Issuers currently consider not to be material or of which they are not currently aware, and any of these risks could have the effects set forth above.*

### **Risks Relating to the Notes**

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

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

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

*Certain Notes may be redeemed prior to maturity*

Unless in the case of any particular Tranche of Notes the relevant Final Terms specify otherwise, in the event that the relevant Issuer would be obliged to increase the amounts payable in respect of any Notes due to any 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 United Kingdom or any political subdivision thereof or any authority therein or thereof having power to tax (or in certain other circumstances if the Notes are Tier 2 Capital Notes), the relevant Issuer may redeem all outstanding Notes in accordance with the Conditions.

In addition, if in the case of any particular Tranche of Notes the relevant Final Terms specify that the Notes are redeemable at the relevant Issuer's option in certain other circumstances or at any time, the relevant Issuer may be expected to choose to redeem the Notes at times when prevailing interest rates may be relatively low. In such circumstances an investor may not be able to reinvest the redemption proceeds in a comparable security at an effective interest rate as high as that of the relevant Notes.

*Tier 2 Capital Notes are subordinated to most of the relevant Issuer's liabilities*

If in the case of any particular Tranche of Tier 2 Capital Notes the relevant Issuer is declared insolvent and a winding up is initiated, it will be required to pay the holders of senior debt and meet its obligations to all its other creditors (including unsecured creditors but excluding any obligations in respect of subordinated debt) in full before it can make any payments on the relevant Tier 2 Capital Notes. If this occurs, the relevant Issuer may not have sufficient assets remaining after these payments to pay all amounts due under the relevant Tier 2 Capital Notes.

*The Company's obligations under the Notes that it issues will be structurally subordinated to the liabilities, obligations and preference shares of the Bank and its other subsidiaries.*

The Company is a holding company that currently has no significant assets other than its investment in the Bank. As a holder of ordinary shares in the Bank (or any of its subsidiaries), the Company's right to participate in the assets of the Bank (or any other subsidiary) if such subsidiary is liquidated will be subject to the prior claims of such subsidiary's creditors and preference shareholders, except in the limited circumstance where the Company is a creditor with claims that are recognized to be ranked ahead of or *pari passu* with such claims of other of the subsidiary's creditors and/or preference shareholders against such subsidiary. Accordingly, if the Bank or any of the Company's other subsidiaries were to be wound up, liquidated or dissolved, (i) the holders of the Notes issued by the Company would have no



right to proceed against the assets of the Bank or such other subsidiary, and (ii) the liquidator of the Bank or such other subsidiary would first apply the assets of the Bank or such other subsidiary to settle the claims of the creditors of the Bank or such other subsidiary, including holders of Tier 2 capital instruments of the Bank or such other subsidiary, before the Company, to the extent it is as an ordinary shareholder of the Bank or such other subsidiary, would be entitled to receive any distributions from the Bank or such other subsidiary.

#### *Fixed/Floating Rate Notes*

Fixed/Floating Rate Notes may bear interest at a rate that the relevant Issuer may elect to convert from a fixed rate to a floating rate, or from a floating rate to a fixed rate. The relevant Issuer's ability to convert the interest rate will affect the secondary market and the market value of such Notes since the relevant Issuer may be expected to convert the rate when it is likely to produce a lower overall cost of borrowing. If the relevant Issuer converts from a fixed rate to a floating rate, the spread on the Fixed/Floating Rate Notes may be less favourable than the prevailing spreads on comparable Floating Rate Notes tied to the same reference rate. In addition, the new floating rate at any time may be lower than the rates on other Notes. If the relevant Issuer converts from a floating rate to a fixed rate, the fixed rate may be lower than then prevailing rates on its Notes.

*The interest rate on Reset Notes will reset on each Reset Date, which can be expected to affect the interest payment on an investment in Reset Notes and could affect the market value of Reset Notes*

Reset Notes will initially bear interest at the Initial Rate of Interest until (but excluding) the First Reset Date. On the First Reset Date, the Second Reset Date (if applicable) and each Subsequent Reset Date (if any) thereafter, the interest rate will be reset to the sum of the applicable Mid-Swap Rate and the First Margin or Subsequent Margin (as applicable) as determined by the Agent Bank on the relevant Reset Determination Date (each such interest rate, a “**Subsequent Reset Rate**”). The Subsequent Reset Rate for any Reset Period could be less than the Initial Rate of Interest or the Subsequent Reset Rate for prior Reset Periods and could affect the market value of an investment in the Reset Notes.

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

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

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

In relation to any issue of Notes which have a denomination consisting of the minimum Specified Denomination plus a higher integral multiple of another smaller amount, it is possible that the Notes may be traded in amounts in excess of that minimum Specified Denomination that are not integral multiples of that minimum Specified Denomination. In such a case a Noteholder who, as a result of trading such amounts, holds a principal amount of less than the minimum Specified Denomination may not receive a definitive Note in respect of such holding (should definitive Notes be printed) and would need to purchase a principal amount of Notes such that its holding amounts to a Specified Denomination.

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

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

#### *Modification, waivers and substitution*

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

The Conditions also provide that the Trustee may, without the consent of the Noteholders, agree to (i) any modification of, or waiver or authorisation of any breach or proposed breach of, any of the Conditions which, in each case, in the opinion of the Trustee is not materially prejudicial to the interest of the Noteholders or, in the case of a modification, in the opinion of the Trustee is of a formal, minor or

technical nature or to correct a manifest error (except that the provisions relating to the Tier 2 Capital Notes shall only be capable of modification if the relevant Issuer complies with all other rules and requirements of the PRA applicable from time to time); or (ii) determine without the consent of the Noteholders that any Event of Default or Potential Event of Default (as defined in the Trust Deed) shall not be treated as such; or (iii) the substitution of any Subsidiary of the Company, or in the case of the Bank, of any other Subsidiary of the Bank as principal debtor under any Notes in place of the relevant Issuer, in the circumstances described in Condition 18 (*Meetings of Noteholders; Modification and Waiver; Substitution*) of the Conditions.

#### *Change of law*

The Conditions are based on English law in effect as at the date of issue of the relevant Notes. No assurance can be given as to the impact of any possible judicial decision or change to English law or administrative practice after the date of issue of the relevant Notes.

#### *In certain circumstances payments on or with respect to the Notes may be subject to U.S. withholding tax under FATCA*

In certain circumstances payments made on or with respect to the Notes after 31 December 2016 may be subject to U.S. withholding tax under Sections 1471 through 1474 of the U.S. Internal Revenue Code (commonly referred to as "**FATCA**"). This withholding does not apply to payments on Notes that are issued prior to the date that is six months after the date on which the final regulations that define "foreign passthru payments" are published unless the Notes are "materially modified" after that date or are characterized as equity for U.S. federal income tax purposes.

Whilst the Notes are in global form and held within Euroclear and Clearstream (together, the "**ICSDs**"), in all but the most remote circumstances, it is not expected that FATCA will affect the amount of any payment received by the ICSDs (see U.S. Withholding Tax Under FATCA). However, FATCA may affect payments made to other clearing organisations, 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), and provide each custodian or intermediary with any information, forms, other documentation or consents that may be necessary for such custodian or intermediary to make a payment free of FATCA withholding. Investors should consult their own tax adviser to obtain a more detailed explanation of FATCA and how FATCA may affect them. The relevant Issuer's obligations under the Notes are discharged once payment has been made to the depositary, common depositary or common safekeeper for the clearing systems (as holder of the Notes) and the Issuers have no responsibility for any amount thereafter transmitted through hands of the clearing systems and custodians or intermediaries.

#### *Risks relating to Notes denominated in Renminbi*

Notes denominated in Renminbi ("**Renminbi Notes**") may be issued under the Programme. A description of risks which may be relevant to an investor in Notes denominated in Renminbi ("**Renminbi Notes**") are set out below.

#### *Renminbi is not freely convertible and there are significant restrictions on the remittance of Renminbi into and outside the PRC which may adversely affect the liquidity of Renminbi Notes*

Renminbi is not freely convertible at present. The government of the PRC (the "**PRC Government**") continues to regulate conversion between Renminbi and foreign currencies despite significant reduction in control by it in recent years over trade transactions involving import and export of goods and services as well as other frequent routine foreign exchange transactions. These transactions are known as current account items. Participating banks in Hong Kong, Singapore and Taiwan have been permitted to engage in the settlement of current account trade transactions in Renminbi under certain pilot schemes.

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

On 12 October 2011, the Ministry of Commerce of the PRC ("**MOFCOM**") promulgated the "Circular on Certain Issues Concerning Direct Investment Involving Cross-border Renminbi" (商務部關於跨境人民幣直接投資有關問題的通知) (the "**MOFCOM Circular**"). Pursuant to the MOFCOM Circular, the appropriate office of MOFCOM and/or its local counterparts were authorised to approve Renminbi foreign direct investments ("**FDI**") with certain exceptions based on, amongst others, the size and industry of the investment. The MOFCOM Circular also stipulates that the proceeds of FDI may not be used towards investment in securities, financial derivatives or entrustment loans in the PRC, except for investments in domestic companies listed in the PRC through private placements or share transfers by agreement.

On 13 October 2011, the People's Bank of China (the "**PBoC**") promulgated the "Administrative Measures on Renminbi Settlement of Foreign Direct Investment" (外商直接投資人民幣結算業務管理辦法) (the "**PBoC FDI Measures**") as part of the implementation of the PBoC's detailed FDI accounts administration system. The system covers almost all aspects in relation to FDI, including capital injections, payments for the acquisition of PRC domestic enterprises, repatriation of dividends and other distributions, as well as Renminbi denominated cross-border loans. On 14 June 2012, the PBoC further issued the implementing rules for the PBoC FDI Measures. Under the PBoC FDI Measures, special approval for FDI and shareholder loans from the PBoC, which was previously required, is no longer necessary. In some cases however, post-event filing with the PBoC is still necessary.

As the MOFCOM Circular and the PBoC FDI Measures are relatively new circulars, they will be subject to interpretation and application by the relevant authorities in the PRC.

Although the PRC Government is liberalising the control over cross-border Renminbi remittances (especially given the goal to achieve full convertibility of capital accounts (if the risk is under control) and promote convenient cross-border Renminbi flow in the China (Shanghai) Pilot Free Trade Zone), there is no assurance that the PRC Government will continue to gradually liberalise control over crossborder remittance of Renminbi in the future, that the pilot schemes introduced in Hong Kong, Singapore and Taiwan will not be discontinued or that new regulations in the PRC will not be promulgated in the future which have the effect of restricting or eliminating the remittance of Renminbi into or outside the PRC. In the event that funds cannot be repatriated outside the PRC in Renminbi, this may affect the overall availability of Renminbi outside the PRC and the ability of the relevant Issuer to source Renminbi to finance its obligations under Notes denominated in Renminbi.

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

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

As of 30 September 2013, the total amount of Renminbi deposits held by institutions authorised to engage in Renminbi banking business in Hong Kong amounted to approximately RMB730 billion. As of 30 September 2013, the total amount of Renminbi deposits held by Taiwan foreign exchange banks and offshore banking units amounted to approximately RMB98.7 billion.

While the PBoC has established Renminbi clearing and settlement mechanisms for participating banks in Hong Kong, Singapore and Taiwan through settlement agreements on the clearing of Renminbi business (the "**Settlement Agreements**") with Bank of China (Hong Kong) Limited in Hong Kong, Industrial and Commercial Bank of China, Singapore Branch in Singapore and Bank of China, Taipei Branch in Taiwan (each, a "**Renminbi Clearing Bank**"), the current size of Renminbi-denominated financial assets outside the PRC is limited.

There are restrictions imposed by the PBoC on Renminbi business participating banks in respect of cross-border Renminbi settlement, such as those relating to direct transactions with PRC enterprises.

Furthermore, Renminbi business participating banks do not have direct Renminbi liquidity support from the PBoC. The Renminbi Clearing Banks only have access to onshore liquidity support from the PBoC for the purpose of squaring open positions of participating banks for limited types of transactions and are not obliged to square for participating banks any open positions resulting from other foreign exchange transactions or conversion services. In such cases, the participating banks will need to source Renminbi from outside the PRC to square such open positions.

Although it is expected that the offshore Renminbi market will continue to grow in depth and size, its growth is subject to many constraints as a result of PRC laws and regulations on foreign exchange. There is no assurance that new PRC regulations will not be promulgated or the Settlement Agreements will not be terminated or amended in the future which will have the effect of restricting availability of Renminbi outside the PRC. The limited availability of Renminbi outside the PRC may affect the liquidity of the Renminbi Notes. To the extent the relevant Issuer is required to source Renminbi outside the PRC to service the Renminbi Notes, there is no assurance that such Issuer will be able to source such Renminbi on satisfactory terms, if at all.

***Investment in the Renminbi Notes is subject to exchange rate risks***

The value of Renminbi against other foreign currencies fluctuates from time to time and is affected by changes in the PRC and international political and economic conditions as well as many other factors. The relevant Issuer will make all payments of interest and principal with respect to the Renminbi Notes in Renminbi unless otherwise specified. As a result, the value of these Renminbi payments may vary with the changes in the prevailing exchange rates in the marketplace. If the value of Renminbi depreciates against another foreign currency, the value of the investment made by a holder of the Renminbi Notes in that foreign currency will decline.

***Investment in the Renminbi Notes is subject to currency risk***

If the relevant Issuer is not able, or it is impracticable for it, to satisfy its obligation to pay interest and principal on the Renminbi Notes as a result of Inconvertibility, Non-transferability or Illiquidity (each, as defined in the Conditions), such Issuer shall be entitled, on giving not less than eight Business Days or more than 30 Business Days' irrevocable notice to the investors prior to the due date for payment, to settle any such payment in U.S. Dollars on the due date at the U.S. Dollar Equivalent (as defined in the Conditions) of any such interest or principal, as the case may be.

***Investment in the Renminbi Notes is subject to interest rate risks***

The PRC Government has gradually liberalised its regulation of interest rates in recent years. Further liberalisation may increase interest rate volatility. The Renminbi Notes may carry a fixed interest rate. Consequently, the trading price of the Renminbi Notes will vary with the fluctuations in the Renminbi interest rates. If holders of the Renminbi Notes propose to sell their Renminbi Notes before their maturity, they may receive an offer lower than the amount they have invested.

***Payments with respect to the Renminbi Notes may be made only in the manner designated in the Renminbi Notes***

All payments to investors in respect of the Renminbi Notes will be made solely (i) for so long as the Renminbi Notes are represented by global certificates held with the common depositary or common safekeeper, as the case may be, for Clearstream, Luxembourg and Euroclear or any alternative clearing system, by transfer to a Renminbi bank account maintained in Hong Kong or a financial centre in which a Renminbi Clearing Bank clears and settles Renminbi, if so specified in the Final Terms (ii) for so long as the Renminbi Notes are represented by global certificates lodged with a sub-custodian for or registered with the CMU Service, by transfer to a Renminbi bank account maintained in Hong Kong in accordance with prevailing CMU rules and procedures or (iii) for so long as the Renminbi Notes are in definitive form, by transfer to a Renminbi bank account maintained in Hong Kong or a financial centre in which a Renminbi Clearing Bank clears and settles Renminbi, if so specified in the Final Terms in accordance with prevailing rules and regulations. The relevant Issuer cannot be required to make payment by any other means (including in any other currency or by transfer to a bank account in the PRC).

### ***Gains on the transfer of the Renminbi Notes may become subject to income taxes under PRC tax laws***

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

Therefore, if non-PRC resident enterprise or individual Holders are required to pay PRC income tax on gains derived from the transfer of the Renminbi Notes (such EIT is currently levied at the rate of 10 per cent of gains realised and such IIT is currently levied at the rate of 20 percent of gains realised (with deduction of reasonable expenses), unless there is an applicable tax treaty between PRC and the jurisdiction in which such non-PRC resident enterprise or individual resident holders of Renminbi Notes reside that reduces or exempts the relevant EIT or IIT), the value of their investment in the Renminbi Notes may be materially and adversely affected.

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

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

Although the PRC Government is liberalising the control over cross-border Renminbi remittances (especially given the goal to achieve full convertibility of capital accounts (if the risk is under control) and promote convenient cross-border Renminbi flow in the China (Shanghai) Pilot Free Trade Zone), there is no assurance that the PRC Government will continue to gradually liberalise the control over cross-border Renminbi remittances in the future, that the pilot scheme introduced in July 2009 (as extended) will not be discontinued or that new PRC regulations will not be promulgated in the future which have the effect of restricting or eliminating the remittance of Renminbi into or outside the PRC. In the event that the relevant Issuer does remit some or all of the proceeds into the PRC in Renminbi and the relevant Issuer subsequently is not able to repatriate funds outside the PRC in Renminbi, it will need to source Renminbi outside the PRC to finance its obligations under the Renminbi Notes, and its ability to do so will be subject to the overall availability of Renminbi outside the PRC.

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

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

#### ***There is no active trading market for the Notes***

Notes issued under the Programme will be new securities which may not be widely distributed and for which there is currently no active trading market (unless in the case of any particular Tranche, such Tranche is to be consolidated with and form a single series with a Tranche of Notes which is already issued). If the Notes are traded after their initial issuance, they may trade at a discount to their initial offering price, depending upon prevailing interest rates, the market for similar securities, general economic conditions and the financial condition of the relevant Issuer. Although application has been made for the Notes issued under the Programme to be admitted to trading on the London Stock Exchange, if so specified in the relevant Final Terms, there is no assurance that such application will be accepted, that any particular Tranche of Notes will be so admitted or that an active trading market will develop. Accordingly, there is no assurance as to the development or liquidity of any trading market for any particular Tranche of Notes.

*Investors to rely on the procedures of Euroclear, Clearstream, Luxembourg, the CMU Service and DTC for transfer, payment and communication with the Issuers*

Notes issued under the Programme may be represented by one or more Global Notes or Global Certificates which may be deposited with a common depository for Euroclear and Clearstream Luxembourg, with DTC or lodged with the CMU Service (each of Euroclear, Clearstream, Luxembourg, DTC and the CMU Service, a "**Clearing System**"). If the Global Notes are NGN or if the Unrestricted Global Certificates are to be held under the NSS, they will be deposited with a common safekeeper for Euroclear and Clearstream, Luxembourg and, in the case of Restricted Global Certificates will be deposited with a custodian for and registered in the name of a nominee of DTC. Except in the circumstances described in the relevant Global Note or Global Certificate, investors will not be entitled to receive definitive Notes. The relevant Clearing System will maintain records of the beneficial interests in the Global Notes or, as the case may be, Global Certificates. While the Notes are represented by one or more Global Notes, or as the case may be, Global Certificates, investors will be able to trade their beneficial interests only through the relevant Clearing System or, in the case of Restricted Global Certificates, DTC.

While the Notes are represented by one or more Global Notes or, as the case may be, Global Certificates, the Issuers will discharge their payment obligations under the Notes by making payments to the common depository or, for Global Notes that are NGN and Global Certificates to be held under the NSS, the common safekeeper for Euroclear and Clearstream, Luxembourg or, as appropriate, the Custodian for DTC, for distribution to their account holders or in the case of Notes to be cleared through the CMU Service to the person for whose account(s) interests in such Global Notes or Global Certificates are credited as being held by the CMU Service in accordance with the CMU Rules as notified by the CMU Service to the CMU Lodging and Paying Agent in a relevant CMU instrument report or any other notification by the CMU Service. A holder of a beneficial interest in a Global Note or Unrestricted Global Certificate must rely on the procedures of the relevant Clearing System or, in the case of Restricted Global Certificates, DTC, to receive payments under the relevant Notes. The Issuers have no responsibility or liability for the records relating to, or payments made in respect of, beneficial interests in the Global Notes or Restricted Global Certificates.

Holders of beneficial interests in the Global Notes or Global Certificates will not have a direct right to vote in respect of the relevant Notes. Instead, such holders will be permitted to act only to the extent that they are enabled by the relevant Clearing System to appoint appropriate proxies.

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

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

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

#### *Interest rate risks*

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

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

One or more independent credit rating agencies may assign credit ratings to an issue of Notes. The ratings may not reflect the potential impact of all risks related to structure, market, additional factors discussed

above, and other factors that may affect the value of the Notes. A credit rating is not a recommendation to buy, sell or hold securities and may be revised or withdrawn by the rating agency at any time.

### **Risks relating to the Issuers and the Group**

#### ***Business conditions and the general economy: weak or deteriorating economic conditions or political instability in the Group's main markets could adversely affect the Group's trading performance***

The Group offers a very broad range of services to retail and institutional customers, including governments, and it has significant activities in a large number of countries. Consequently, the operations, financial condition and prospects of the Group, its individual business units and/or specific countries of operation could be materially adversely impacted by weak or deteriorating economic conditions or political instability in one or a number of countries in any of the Group's main business markets (being the UK, the U.S., the Eurozone and South Africa) or any other globally significant economy through, for example: (i) deteriorating business, consumer or investor confidence leading to reduced levels of client activity and consequently a decline in revenues and/or higher costs; (ii) mark to market losses in trading portfolios resulting from changes in credit ratings, share prices and solvency of counterparties; and (iii) higher levels of impairment and default rates.

The global economy continues to face an environment characterised by low growth. However, central banks in advanced economies have maintained highly accommodative policies that have helped to support demand at a time of very pronounced fiscal tightening and balance sheet repair. During the next few years, a combination of anticipated recovery in private sector demand and of a reduced pace of fiscal austerity in Europe and the United States is likely to result in a return by central banks towards more conventional monetary policies. Decreasing monetary support by central banks in response to any recovery (or anticipated recovery) in demand could have a further adverse impact on volatility in the financial markets and on the performance of significant parts of the Group's business, in each case which could have an adverse effect on the Group's operations, financial condition and prospects.

#### ***Credit risk: The financial condition of the Group's customers, clients and counterparties, including governments and other financial institutions, could adversely affect the Group***

The Group may suffer financial loss if any of its customers, clients or market counterparties fails to fulfil their contractual obligations to the Group. The Group may also suffer loss when the value of the Group's investment in the financial instruments of an entity falls as a result of that entity's credit rating being downgraded. In addition, the Group may incur significant unrealised gains or losses due solely to changes in the Group's credit spreads or those of third parties, as these changes may affect the fair value of the Group's derivative instruments, debt securities that the Group holds or issues, or any loans held at fair value.

Because these credit-related risks may be adversely impacted by weak or deteriorating economic conditions, the Group's performance is at risk from any continuing weakness or deterioration in the economic environment in any of the Group's main business markets (being the UK, the U.S., the Eurozone and South Africa). The threat of weaker economies in one or a number of countries in which the Group operates and/or the possibility of a slowing of monetary stimulus by one or more governments could lead to generally weaker than expected growth, contracting GDP, reduced business confidence, higher levels of unemployment, rising inflation, potentially higher interest rates and falling property prices and consequently to an increase in delinquency rates and default rates among customers. Any further slowing of monetary stimulus and the actions and commercial soundness of other financial institutions have the potential to impact market liquidity which in turn may impact on refinancing risks, particularly to the corporate sector. The adverse impact on the credit quality of the Group's customers and counterparties, coupled with a decline in collateral values, could lead to a reduction in recoverability and value of the Group's assets resulting in a requirement to increase the Group's level of impairment allowance. Any increase in impairment resulting from, for example, higher charge-offs to recovery in the retail book and write-offs could have a material adverse effect on the Group's operations, financial condition and prospects.

There remain concerns in the market about credit risk (including that of sovereign states) and the Eurozone crisis. The large sovereign debts and/or fiscal deficits of a number of Eurozone countries and the sustainability of austerity programmes that such countries have introduced have raised concerns among market participants regarding the financial condition of these countries as well as financial

institutions, insurers and other corporates that are located in, or have direct or indirect exposures to, such Eurozone countries. Furthermore, an exit of one or more countries from the Eurozone could adversely impact the Group's profitability, liquidity and capital in a number of ways, including: (i) the direct risk arising from the sovereign default of an existing country in which the Group has significant operations and the adverse impact on the economy of that exiting country and the credit standing of the Group's clients and counterparties in that country; (ii) the subsequent adverse impact on the economy of other Eurozone countries and the credit standing of the Group's clients and counterparties in such other Eurozone countries; (iii) indirect risk arising from credit derivatives that reference Eurozone sovereign debt; (iv) direct redenomination risk on the balance sheets of the Group's local operations in countries in the Eurozone should the value of the assets and liabilities be affected differently as a result of one or more countries reverting to a locally denominated currency; (v) the introduction of capital controls or new currencies by any such existing countries; and (vi) significant effects on existing contractual relations and the fulfilment of obligations by the Group and/or its customers. If some or all of these conditions arise, persist or worsen, as the case may be, they may have a material adverse effect on the Group's operations, financial condition and prospects. The current absence of a predetermined mechanism for a member state to exit the Euro means that it is not possible to predict the outcome of such an event or to accurately quantify the impact of such an event on the Group's operations, financial condition and prospects.

The Investment Bank holds a significant portfolio of credit market assets, notably relating to commercial real estate and leveraged finance loans, which (i) remain illiquid; (ii) are valued based upon assumptions, judgements and estimates which may change over time; and (iii) may be subject to further deterioration and write downs. Corporate Banking also holds a portfolio of longer term loans on a fair value basis, which are similarly subject to market movements and which may therefore give rise to losses. In addition, the Group has large individual exposures to single name counterparties. The default of obligations by such counterparties could have a significant impact on the carrying value of these assets. In addition, where such counterparty risk has been mitigated by taking collateral, credit risk may remain high if the collateral held cannot be realised or has to be liquidated at prices which are insufficient to recover the full amount of the loan or derivative exposure. As such, any such defaults could have a material adverse effect on the Group's operations, financial condition and prospects.

***Market risk: The Group's financial position may be adversely affected by changes in both the level and volatility of prices (for example, interest rates, credit spreads, commodity prices, equity prices and foreign exchange rates)***

Barclays is at risk from its earnings or capital being reduced due to: (i) changes in the level or volatility of positions in its trading books, primarily in the Investment Bank, including changes in interest rates, inflation rates, credit spreads, property prices, commodity prices, equity and bond prices and foreign exchange levels; (ii) the Group being unable to hedge its banking book balance sheet at prevailing market levels; and (iii) the risk of the Group's defined benefit pensions obligations increasing or the value of the assets backing these defined benefit pensions obligations decreasing due to changes in either the level or volatility of prices. These market risks could lead to significantly lower revenues, which could have an adverse impact on the Group's operations, financial condition and prospects.

Specific examples of areas and scenarios where market risk could lead to significantly lower revenues and adversely affect the Group's operating results include:

(i) Reduced client activity and decreased market liquidity

The Investment Bank's business model is focused on client intermediation. A significant reduction in client volumes or market liquidity could result in lower fees and commission income and a longer time period between executing a client trade, closing out a hedge, or exiting a position arising from that trade. Longer holding periods in times of higher volatility could lead to revenue volatility caused by price changes. Such conditions could have a material adverse effect on the Group's results of operations, financial condition and prospects.

(ii) Uncertain interest rate environment

Interest rate volatility can impact the Group's net interest margin, which is the interest rate spread realised between lending and borrowing costs. The potential for future volatility and margin changes remains, and it is difficult to predict with any accuracy changes in absolute interest rate levels, yield curves and spreads. Rate changes, to the extent they are not neutralised by hedging



programmes, may have a material adverse effect on the Group's results of operations, financial condition and prospects.

***Funding risk: The ability of the Group to achieve its business plans may be adversely impacted if it does not effectively manage its liquidity and capital ratios***

Funding risk is the risk that the Group may not be able to achieve its business plans due to: being unable to maintain appropriate capital ratios (*Capital risk*); failing to manage its liquidity and funding risk sufficiently (*Liquidity risk*); or the impact of changes in foreign exchange rates on capital ratios and/or adverse changes in interest rate curves impacting structural hedges of non-interest bearing assets/liabilities (*Structural risk*).

*Capital risk*

Should the Group be unable to maintain or achieve appropriate capital ratios this could lead to: an inability to support business activity; a failure to meet regulatory requirements; changes to credit ratings, which could also result in increased costs or reduced capacity to raise funding; and/or the need to take additional measures to strengthen the Group's capital position.

Basel III and CRD IV are expected to increase the amount and quality of capital that Barclays is required to hold and Barclays has increased its core capital in anticipation of this. However, CRD IV requirements adopted in the United Kingdom may change, whether as a result of further changes to CRD IV agreed by European Union ("EU") legislators, binding regulatory technical standards to be developed by the European Banking Authority or changes to the way in which the PRA interprets and applies these requirements to UK banks (including as regards individual model approvals granted under CRD II and III). Such changes, either individually and/or in aggregate, may lead to further unexpected enhanced requirements in relation to the Group's CRD IV capital. Additional capital requirements will also arise from other proposals, including the recommendations of the UK Independent Commission on Banking, the Liikanen Review and section 165 of the Dodd-Frank Act. It is not currently possible to predict with accuracy the detail of secondary legislation or regulatory rulemaking expected under any of these proposals, and therefore the likely consequences to the Group. However, it is likely that these changes in law and regulation would require changes to the legal entity structure of the Group and how its businesses are capitalised and funded and/or are able to continue to operate and as such could have an adverse impact on the operations, financial condition and prospects of the Group. Any such increased capital requirements or changes to what is defined to constitute capital may also constrain the Group's planned activities and could increase costs, impact on the Group's earnings and restrict Barclays' ability to pay dividends. Moreover, during periods of market dislocation, or when there is significant competition for the type of funding that the Group needs, increasing the Group's capital resources in order to meet targets may prove more difficult and/or costly.

*Liquidity risk*

Should the Group fail to manage its liquidity and funding risk sufficiently, this may result in: an inability to support normal business activity; and/or a failure to meet liquidity regulatory requirements; and/or changes to credit ratings. Any material adverse change in market liquidity (such as that experienced in 2008), the availability and cost of customer deposits and/or wholesale funding, in each case whether due to factors specific to Barclays (such as due to a downgrade in Barclays' credit rating) or to the market generally, could adversely impact the Group's ability to maintain the levels of liquidity required to meet regulatory requirements and sustain normal business activity. In addition, there is a risk that the Group could face sudden, unexpected and large net cash outflows, for example from customer deposit withdrawals and/or collateral posting upon ratings downgrades, or unanticipated levels of loan drawdowns under committed facilities, which could also result in (i) forced reductions in Barclays' balance sheet, (ii) Barclays being unable to fulfil its lending obligations and (iii) a failure to meet the Group's liquidity regulatory requirements. During periods of market dislocation (for example, in the event of an exit of one or more countries from the Eurozone), the Group's ability to manage liquidity requirements may be impacted by a reduction in the availability of wholesale term funding as well as an increase in the cost of raising wholesale funds. Asset sales, balance sheet reductions and increased costs of raising funding could all adversely impact the operations, financial condition and prospects of the Group.

### *Structural risk*

The Group has capital resources and risk weighted assets denominated in foreign currencies; changes in foreign exchange rates result in changes in the pounds sterling equivalent value of foreign currency denominated capital resources and risk weighted assets. As a result, the Group's regulatory capital ratios are sensitive to foreign currency movements. The Group also has exposure to non-traded interest rate risk, arising from the provision of retail and wholesale (non-traded) banking products and services. This includes current accounts and equity balances which do not have a defined maturity date and an interest rate that does not change in line with base rate changes. Failure to appropriately manage the Group's balance sheet to take account of these risks could result in: (i) in the case of foreign exchange risk, an adverse impact on regulatory capital ratios and (ii) in the case of non-traded interest rate risk, an adverse impact on income. Structural risk is difficult to predict with any accuracy and may have a material adverse effect on the Group's results of operations, financial condition and prospects.

### ***Operational risk: The operational risk profile of the Group may change as a result of human factors, inadequate or failed internal processes and systems, and external events***

The Group is exposed to many types of operational risk, including fraudulent and other criminal activities (both internal and external), the risk of breakdowns in processes, controls or procedures (or their inadequacy relative to the size and scope of Barclays' business) and systems failure or non-availability. Barclays is also subject to the risk of disruption of its business arising from events that are wholly or partially beyond its control (for example natural disasters, acts of terrorism, epidemics and transport or utility failures) which may give rise to losses or reductions in service to customers and/or economic loss to Barclays. The operational risks that the Group is exposed to could change rapidly and there is no guarantee that the Group's processes, controls, procedures and systems are sufficient to address, or could adapt promptly to, such changing risks. All of these risks are also applicable where Barclays relies on outside suppliers or vendors to provide services to it and its customers.

### *Infrastructure resilience, technology and CyberSecurity*

The Group's technological infrastructure is critical to the operation of the Group's businesses and delivery of products and services to customers and clients. Any disruption in a customer's access to their account information or delays in making payments will have a significant impact on the Group's reputation and may also lead to potentially large costs to both rectify the issue and reimburse losses incurred by customers. Technological efficiency and automation is also important to the control environment and improvement is an area of focus for Barclays, including in the Investment Bank. Furthermore, there is a growing threat of attacks to the Group's systems (including in respect of customer and Group information held on those systems and transactions processed through these systems) from individuals or groups via cyberspace. Risks to technology and cybersecurity change rapidly and require continued focus and investment.

Given the increasing sophistication and scope of potential attacks via cyberspace, it is possible that future attacks may lead to significant breaches of security. Failure to manage cybersecurity risk adequately could adversely affect the Group's reputation, operations, financial condition and prospects.

### *Critical accounting estimates and judgements*

The preparation of financial statements in accordance with IFRS requires the use of estimates. It also requires management to exercise judgement in applying relevant accounting policies. The key areas involving a higher degree of judgement or complexity, or areas where assumptions are significant to the consolidated and individual financial statements, include credit impairment charges for amortised cost assets, impairment and valuation of available-for-sale investments, calculation of income and deferred tax, fair value of financial instruments, valuation of goodwill and intangible assets, valuation of provisions and accounting for pensions and post-retirement benefits. There is a risk that if the judgement exercised or the estimates or assumptions used subsequently turn out to be incorrect then this could result in significant loss to the Group, beyond that anticipated or provided for, which could have an adverse impact on the Group's operations, financial results and condition and prospects.

Observable market prices are not available for many of the financial assets and liabilities that the Group holds at fair value and a variety of techniques to estimate the fair value are used. Should the valuation of such financial assets or liabilities become observable, for example as a result of sales or trading in

comparable assets or liabilities by third parties, this could result in a materially different valuation to the current carrying value in the Group's financial statements.

The further development of standards and interpretations under IFRS could also significantly impact the financial results, condition and prospects of the Group. For example, the IAS 32 Financial Instruments revisions could result in a material gross-up of assets and liabilities in the balance sheet, depending on interpretation of the standard in relation to derivative offsetting.

***Legal and regulatory proceedings: the Group operates in highly regulated industries, and the Group's businesses and results may be significantly affected by the laws and regulations applicable to it and by proceedings involving the Group***

As a global financial services firm, the Group is subject to extensive and comprehensive regulation under the laws of the various jurisdictions in which it does business. These laws and regulations significantly affect the way that the Group does business, and can restrict the scope of its existing businesses and limit its ability to expand its product offerings or to pursue acquisitions, or can make its products and services more expensive for clients and customers. There has also been an increased focus on regulation and procedures for the protection of customers and clients of financial services firms. This has resulted, moreover, in increased willingness on the part of regulators to investigate past practices of financial services firms.

The Group is exposed to many forms of risk relating to legal and regulatory proceedings, including that: (i) business may not be, or may not have been, conducted in accordance with applicable laws in the relevant jurisdictions around the world and financial and other penalties may result; (ii) contractual obligations may either not be enforceable as intended or may be enforced in a way adverse to the Group; (iii) intellectual property may not be adequately protected and the Group may use intellectual property which infringes, or is alleged to infringe, the rights of third parties; and (iv) liability for damages may be incurred to third parties harmed by the conduct of the Group's business.

***Legal proceedings***

The Group, in common with other global financial services firms, has in recent years faced increased levels of legal proceedings in jurisdictions where it operates businesses and/or in which it sells securities and offers financial products. This is particularly true in the U.S. where the Group has faced and is facing legal proceedings relating to its business activities and its sale of securities and financial products, including in the form of class actions. Key legal proceedings to which the Group is currently exposed include:

- Lehman Brothers;
- Certain series of preference shares issued in the form of American Depositary Shares;
- Mortgage related activity and litigation;
- Devonshire Trust;
- London Interbank Offered Rates ("**LIBOR**") and other benchmarks civil actions; and
- A civil action in respect of foreign exchange trading (see also "- *Regulatory and other investigations or proceedings*" below).

For more detailed information on each of these proceedings, see page 106 to 116 of this Base Prospectus. The outcome of each of these legal proceedings (and in any proceedings that may be brought in the future) is difficult to predict. However, the Group may incur significant expense in connection with such proceedings and one or more of them could expose the Group to any of the following: substantial monetary damages; loss of significant assets; other penalties and injunctive relief; potential regulatory restrictions on the Group's business; and/or a negative effect on the Group's reputation, any of which could have an adverse impact on the Group's operations, financial condition and prospects. An adverse decision in any one matter, either against Barclays or another bank facing similar claims, could lead to further claims against Barclays.

### *Regulatory and other investigations or proceedings*

The Group also faces existing regulatory and other investigations in various jurisdictions as well as the risk of potential future regulatory and other investigations or proceedings and/or further private actions and/or class actions being brought by third parties in connection with such regulatory and other investigations or proceedings.

The FCA has investigated certain agreements, including two advisory services agreements entered into by the Bank with Qatar Holding LLC ("**Qatar Holding**") in June and October 2008 respectively, and whether these may have related to Barclays' capital raisings in June and November 2008.

The FCA issued warning notices (the "**Warning Notices**") against the Company and the Bank on 13 September 2013.

The existence of the advisory services agreement entered into in June 2008 was disclosed but the entry into the advisory services agreement in October 2008 and the fees payable under both agreements, which amount to a total of £322 million payable over a period of five years, were not disclosed in the announcements or public documents relating to the capital raisings in June and November 2008. While the Warning Notices consider that Barclays and the Bank believed at the time that there should be at least some unspecified and undetermined value to be derived from the agreements, they state that the primary purpose of the agreements was not to obtain advisory services but to make additional payments, which would not be disclosed, for the Qatari participation in the capital raisings. The Warning Notices conclude that Barclays and the Bank were in breach of certain disclosure-related Listing Rules and Barclays was also in breach of Listing Principle 3 (the requirement to act with integrity towards holders and potential holders of the Company's shares). In this regard, the FCA considers that Barclays and the Bank acted recklessly. The financial penalty in the Warning Notices against the Group is £50 million. However, Barclays and the Bank continue to contest the findings.

The Serious Fraud Office is investigating the same agreements. Its investigation is at an earlier stage and the Group has received and continues to respond to requests for further information.

The DOJ and the SEC are undertaking an investigation into whether the Group's relationships with third parties who assist Barclays to win or retain business are compliant with the United States Foreign Corrupt Practices Act. They are also investigating the agreements referred to above including the two advisory services agreements. The U.S. Federal Reserve has requested to be kept informed of these matters.

It is not possible to estimate the full impact on the Group if the final conclusion of these matters is adverse.

Final adverse findings would result in financial penalties, reputational impact and/or (if further action is taken by UK or U.S. prosecutors) possible criminal liability, with a consequential risk of impact on share price and possible consequential civil litigation, and no assurance can be given as to the civil, criminal or regulatory consequences or their financial impact, if any, before final conclusions are reached by the authorities in the ongoing investigations.

Other key regulatory and other investigations or proceedings to which the Group is currently exposed include:

- Interchange investigations;
- Investigations into LIBOR, ISDAfix and other benchmarks;
- Interest rate hedging products redress;
- Federal Energy Regulatory Commission investigation; and
- Credit Default Swap antitrust investigations.

For more detailed information on each of these investigations or proceedings, see page 106 to 116 of this Base Prospectus. The outcome of these investigations or proceedings is difficult to predict. However, the Group may incur significant expense in connection with these matters, which could expose the Group to any of the following: substantial monetary damages and fines; other penalties and injunctive relief;

potential for additional civil or private litigation; potential for criminal prosecution in certain circumstances; potential regulatory restrictions on the Group's business; and/or a negative effect on the Group's reputation. There is also a risk that such investigations or proceedings may give rise to changes in law or regulation as part of a wider response by relevant law makers and regulators. Any of these risks, should they materialise, could have an adverse impact on the Group's operations, financial results and condition and prospects.

In addition, the Group is subject to a Non-Prosecution Agreement ("NPA") entered into with the DOJ in connection with the LIBOR investigations. Under the NPA, Barclays has agreed that, for a period of two years from 26 June 2012, it will amongst other things, commit no United States crime whatsoever and will comply with certain obligations to provide information to and co-operate with U.S. authorities.

A breach of any of the NPA provisions could lead to further prosecutions in relation to Barclays' benchmark interest rate submissions and could have significant consequences for Barclays' current and future business operations in the United States.

#### *Adequacy of provisions*

Where provisions have already been taken in published financial statements or results announcements for on-going legal or regulatory matters, including in relation to litigation relating to Devonshire Trust, payment protection insurance ("PPI") and interest rate hedging products, these have been recognised, in accordance with IAS 37 Provisions, Contingent Liabilities and Contingent Assets, as the best estimate of the expenditure required to settle the obligation as at the reporting date. Such estimates are inherently uncertain and it is possible that the eventual outcomes may differ materially from current estimates, resulting in future increases or decreases to the required provisions (as has, for example, been the case in relation to the provisions that the Group has made in relation to PPI redress payments), or actual losses that exceed or fall short of the provisions taken.

In addition, provisions have not been taken where no obligation (as defined in IAS 37 "Provisions, Contingent Liabilities and Contingent Assets") has been established, whether associated with a known or potential future litigation or regulatory matter. Accordingly, an adverse decision in any such matters could result in significant losses to the Group which have not been provided for. Such losses would have an adverse impact on the Group's operations, financial results and condition and prospects.

#### *Potential financial and reputational impacts of legal, regulatory or other proceedings*

Furthermore, the Group, like many other financial institutions, has come under greater regulatory scrutiny in recent years and expects that environment to continue. The nature of any future disputes and legal, regulatory or other investigations or proceedings, and the likelihood of their occurring, cannot be predicted in advance. Furthermore, the outcome of any on-going disputes and legal, regulatory or other investigations or proceedings is difficult to predict. However, it is likely that in connection with any such on-going and future matters the Group will incur significant expense investigating and, where applicable, defending such claims. In addition, non-compliance by the Group with applicable laws, regulations and codes of conduct relevant to its businesses in all jurisdictions in which it operates, whether due to inadequate controls or otherwise, could lead to substantial monetary damages and/or fines, loss of significant assets, public reprimands, a negative effect on the Group's reputation, increased regulatory compliance requirements or other potential regulatory restrictions on the Group's business, the potential for criminal prosecution in certain circumstances, enforced suspension of operations or, in extreme cases, withdrawal of authorisations to operate particular businesses and/or other penalties and injunctive relief. Non-compliance may also lead to costs relating to investigations and remediation of affected customers (which may, in some circumstances, exceed the direct costs of regulatory enforcement actions). In addition, reputational damage may lead to a reduction in franchise value. As an example of non-compliance leading to costs of remediation, UKRBB has identified certain issues with the information contained in historic statements and arrears notices relating to consumer loan accounts. It is therefore implementing a plan to return interest incorrectly charged to customers. As at 30 June 2013 a provision was held for these costs which includes expected operational costs and which Barclays considers to be adequate in respect of this remediation. Barclays is also undertaking a review of all its businesses where similar issues could arise, including Barclaycard, Barclays Wealth and Barclays Corporate, to assess any similar or related issues. There is currently no certainty as to the outcome of this review. The findings of such review could have an adverse impact on the Group's operations, financial results and prospects.

Any of these risks, should they materialise, could have an adverse impact on the Group's operations, financial results and condition and prospects. There is also a risk that the outcome of such investigations or proceedings may give rise to changes in law or regulation as part of a wider response by relevant law makers and regulators. An adverse decision in any one matter, either against the Group or another financial institution facing similar claims, could lead to further claims against the Group.

*Anti-money laundering, anti-bribery, sanctions and other compliance risks*

Combating money laundering, bribery and terrorist financing and the enforcement of compliance with economic sanctions has been a major focus of government policy relating to financial institutions in recent years (most notably in the UK, EU and the U.S.). U.S., UK and EU law and regulation impose obligations on the Group to maintain appropriate policies, procedures and controls to detect, prevent and report money laundering and terrorist financing. In addition, the extra-territorial reach of U.S. regulations in respect of economic sanctions requires the Group to establish effective controls and procedures in order to prevent violations of U.S. sanctions against designated foreign countries, nationals and others. The risk of non-compliance for large universal banking groups, such as Barclays, are high given the nature, scale and complexity of such groups and the challenges inherent in implementing robust controls. The Group also operates in some newer and emerging markets, such as Africa, Asia and the Middle East, where the risks can be higher than in more established markets. Failure by Barclays to implement and maintain adequate programmes to combat money laundering, bribery and terrorist financing or to ensure economic sanction compliance could have serious legal and reputational consequences for the institution, including exposure to fines, public censure, penalties and damages.

***Leverage: Barclays may be unable to meet the PRA's expectations by June 2014***

In June 2013, following its assessment of the capital adequacy of major UK banks and building societies, the PRA introduced a 3 per cent. leverage ratio target and subsequently, following discussions between Barclays and the PRA, the PRA requested that Barclays plan to achieve this target by 30 June 2014 (as an expectation rather than as a formal regulatory requirement).

On 30 July 2013, Barclays announced a series of actions designed to achieve the 3 per cent. leverage ratio target within the planned timeframe (the "**Leverage Plan**"). These actions include: (i) a rights issue to raise approximately £5.8 billion in net proceeds, which was completed on 9 October 2013; (ii) measures to reduce the Group's leverage exposure through a number of management actions that Barclays believes involve low execution risk; (iii) the retention of earnings and other forms of capital accretion, and (iv) the issuance of additional tier 1 securities with a 7 per cent. fully loaded common equity tier 1 ratio trigger which the PRA has confirmed can be used in the calculation of the PRA Leverage Ratio.

There are a number of risks which may adversely impact the Group's ability to meet the PRA's leverage ratio target by the expected timeframe of June 2014 and to successfully implement all aspects of the Leverage Plan. For example, the Group may not be able to issue a sufficient amount of additional tier 1 securities, as the completion of an issuance of such securities is subject to market risks and investor demand. In addition, the ability of the Group to retain earnings at the rate anticipated under, and other management expectations or projections underlying, the Leverage Plan will be dependent on the financial performance of the Group, while other identified capital accretive management actions may not result in capital accretion to the extent expected under the Leverage Plan, or at all. Furthermore, a significant trading loss or other extraordinary or unanticipated cost or loss could have a material impact on the earnings and profitability of the Group, which in turn could adversely impact the implementation of the Leverage Plan.

There is also a risk that the Group's financial position may diverge from management's current expectations or projections, adversely affecting its ability to achieve the PRA's leverage ratio target.

If the Group fails to implement the Leverage Plan in full and it considers that it may not meet all of the supervisory expectations of the PRA in relation to leverage by 30 June 2014, the Group may have to take additional or alternative measures, which would be discussed with the PRA.

Additional or alternative measures to address any then outstanding leverage gap could include further reducing leverage exposure (including through asset sales or through making changes to the Group's business model), limiting discretionary distributions (including interest payments on additional tier 1 securities), reducing lending to customers and clients and/or taking additional measures to strengthen

Barclays' capital position. If, following discussions with the PRA, the Group were to take additional or alternative measures to improve its leverage position, these may be subject to greater risks and uncertainties than, and may not be as beneficial to the Group and its stakeholders as, the measures contemplated under the Leverage Plan. Accordingly, this might have a damaging effect on the Group's business and lead to a decrease in investor confidence in the Group, an adverse impact on its reputation and/or a negative effect the market price of the Notes.

Finally, the level and basis of the calculation of the PRA's leverage ratio target may change, reflecting changes to Article 429 of CRD IV (which currently remains subject to review by the EBA and further legislative proposals in the European Union). The PRA may amend the adjustments required in the calculation of such ratio and it can also change its approach to the leverage ratio target more generally, which may lead us to take additional or alternative measures to those described above.

***Regulatory risks: the financial services industry continues to be the focus of significant regulatory change and scrutiny which may adversely affect the Group's business, financial performance capital and risk management strategies***

The Group, in common with much of the financial services industry, continues to be the focus of significant regulatory change and scrutiny in many of the countries in which it operates, including, in particular, the UK and the U.S. and in light of its significant investment banking operations. This has led to a more intensive approach to supervision and oversight, increased expectations and enhanced requirements, including with regard to: (i) capital, liquidity and leverage requirements (for example arising from Basel III and CRD IV); (ii) structural reform and recovery and resolution planning; (iii) market infrastructure reforms such as centralised clearing of over-the-counter (OTC) derivatives; and (iv) the adequacy of controls around its businesses in many jurisdictions, including in the U.S. As a result, regulatory risk will continue to require senior management attention and consume significant levels of business resources. Furthermore, this more intensive approach and the enhanced requirements, uncertainty and the extent of international regulatory coordination as enhanced supervisory standards are developed and implemented may adversely affect the Group's business, capital and risk management strategies and/or may result in the Group deciding to modify its legal entity structure, capital and funding structures and business mix or to exit certain business activities altogether or to determine not to expand in areas despite their otherwise attractive potential.

***Implementation of Basel III / CRD IV and additional PRA supervisory expectations***

The rules applicable to the capital of financial institutions are being changed across the European Union in order to implement the Basel III measures issued by the Basel Committee on Banking Supervision. The European legislative package consists of a fourth capital requirements Directive and a new capital requirements Regulation, collectively known as "CRD IV." The CRD IV legislative package was published in the Official Journal of the European Union on 27 June 2013. The Directive is required to be implemented by the member states of the European Union so as to apply from 1 January 2014 and the CRD IV Regulation shall apply directly in the member states of the European Union from 1 January 2014, in each case, with certain exceptions.

CRD IV introduces significant changes in the prudential regulatory regime applicable to banks including: increased minimum capital ratios; changes to the definition of capital and the calculation of risk weighted assets; and the introduction of new measures relating to leverage, liquidity and funding. CRD IV permits a transitional period for certain of the enhanced capital requirements and certain other measures, such as the CRD IV leverage ratio, which are not expected to be finally implemented until 2018. Outside of the anticipated CRD IV timetable (and as indicated by the PRA's statements of intent set out in CP5/13, Strengthening capital standards: implementing CRD IV described below), the PRA's supervisory expectation is for the Group to meet certain capital and leverage ratio targets within certain prescribed timeframes. The PRA's current expectation is for the Group to meet an adjusted fully loaded common equity tier 1 capital ratio of 7 per cent. by 31 December 2013 and a leverage ratio target of 3 per cent. by 30 June 2014, where "adjusted" is a reference to certain adjustments applied by the PRA.

CRD IV requirements adopted in the United Kingdom may change, whether as a result of further changes to CRD IV agreed by EU legislators, binding regulatory technical standards to be developed by the European Banking Authority (the "EBA") or changes to the way in which the PRA interprets and applies these requirements to UK banks (including as regards individual model approvals granted under CRD II and III). Such changes, either individually and/or in aggregate, may lead to further unexpected enhanced

requirements in relation to the Group's CRD IV capital, leverage, liquidity and funding ratios or alter the way such ratios are calculated. The PRA announced a consultation paper (CP5/13, Strengthening capital standards: implementing CRD IV) in August 2013 which sets out proposed changes to the PRA rules in order to implement CRD IV in the UK as well as consulting on possible changes to supervisory requirements. No assurance can be given that the proposed changes to the PRA rules will be implemented in the form set out in the consultation paper. If the PRA rules were to be amended in a manner other than as set out in the consultation paper and depending on the content of final binding regulatory technical standards developed by the EBA, it could be materially more difficult for the Group to maintain compliance with prudential requirements. This may result in a need for further management actions to meet the changed requirements, such as: increasing capital, reducing leverage and risk weighted assets, modifying legal entity structure (including with regard to issuance and deployment of capital and funding for the Group) and changing the Group's business mix or exiting other businesses and/or undertaking other actions to strengthen Barclays' capital position.

#### *Structural reform*

A number of regulators are currently proposing or considering legislation and rule making that could have a significant impact on the future legal entity structure, business mix and management of the Group. Such proposals and considerations include:

- The UK Financial Services (Banking Reform) Bill, which, if passed, would give the UK authorities the power to implement the key recommendations of the UK's Independent Commission on Banking, including: (i) the separation of the UK and EEA retail banking activities of the largest UK banks into a legally distinct, operationally separate and economically separate and independent entity (so called "ring fencing"); (ii) statutory depositor preference in insolvency; and (iii) a reserve power for the PRA to enforce full separation of the retail operations of UK banks to which the reforms apply under certain circumstances;
- The EU High Level Expert Group Review (the Liikanen Review) on reform of the structure of the EU banking sector, which includes recommendations for the mandatory separation of proprietary trading and other high-risk trading activities (subject to thresholds) from deposit taking banks (and on which the European Commission has subsequently consulted);
- U.S. Federal Reserve proposals to implement section 165 of the Dodd-Frank Act to require the U.S. subsidiaries of foreign banks operating in the U.S. to be held under a U.S. intermediate holding company subject to a comprehensive set of prudential, supervisory and local capital requirements prescribed by U.S. regulators, and to implement Section 166 (early remediation requirements). Under the current proposals, the intermediate holding company would be required to meet the enhanced prudential standards and early remediation requirements that are, to a large degree, the same as those applicable to similar U.S. bank holding companies, including some requirements previously assessed as not being applicable to the Group. The U.S. Federal Reserve proposals if adopted in their current form have the potential to significantly increase the absolute and regulatory costs of Barclays U.S. operations. It is also possible that the implementation of section 165 could have a more onerous effect in relation to the U.S. subsidiaries of foreign banks than on U.S. bank holding companies;
- In the U.S., the so-called "Volcker Rule" will, once effective, significantly restrict the ability of U.S. bank holding companies and their affiliates, and the U.S. branches of foreign banks, to conduct proprietary trading in securities and derivatives as well as certain activities related to hedge funds and private equity funds. In October 2011, U.S. regulators proposed rules to implement the Volcker Rule. Those rules have not yet been finalised. Analysis continues of the proposals, but it is clear that compliance with them could entail significant additional compliance and operational costs for the Group. Whilst the statutory Volcker Rule provisions officially took effect in July 2012, Barclays has until the end of the conformance period, currently set for July 2014 (subject to possible extensions), in order to conform its activities to the requirements of the rule; and
- The European Commission's proposal for a directive providing for a new EU framework for the recovery and resolution of credit institutions and investment firms (the "**Recovery and Resolution Directive**" or "**RRD**"). For more information, see "*— Regulatory action in the event of a bank failure could materially adversely affect the value of the Notes*" below.



These laws and regulations and the way in which they are interpreted and implemented by regulators may have a number of significant consequences, including changes to the legal entity structure of the Group, changes to how and where capital and funding is raised and deployed within the Group, increased requirements for loss-absorbing capacity within the Group and/or at the level of certain legal entities or sub-groups within the Group and potential modifications to the Group's business mix and model (including potential exit of certain business activities). These and other regulatory changes, and the resulting actions taken to address such regulatory changes, may have an adverse impact on the Group's profitability, financial condition, operating flexibility, flexibility of deployment of capital and funding, return on equity, ability to pay dividends and/or the market value of the Notes. It is not yet possible to predict the detail of such legislation or regulatory rulemaking or the ultimate consequences to the Group or the holders of the Notes which could be material.

See also “— *Implementation of Basel III / CRD IV and additional PRA supervisory expectations.*”

*Regulatory action in the event of a bank failure could materially adversely affect the value of the Notes*

*European resolution regime and loss absorption at the point of non-viability*

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

The powers proposed to be granted to supervisory authorities under the draft RRD include (but are not limited to) the introduction of a statutory “write-down and conversion power” and a “bail-in” power, which would give the relevant U.K. resolution authority the power to cancel all or a portion of the principal amount of, or interest on, certain unsecured liabilities (which could include the Notes) of a failing financial institution and/or to convert certain debt claims (which could include the Notes) into another security, including ordinary shares of the surviving Group entity, if any. It is currently contemplated that the majority of measures (including the write-down and conversion powers relating to Tier 2 capital instruments, such as any Tier 2 Capital Notes) set out in the draft RRD will be implemented with effect from 1 January 2015, with the bail-in power for other eligible liabilities (which could include the Senior Notes) expected to be introduced by 1 January 2018. However, the draft RRD is not in final form, and changes may be made to it in the course of the legislative process and anticipated implementation dates could change. Moreover, as discussed under “— *Bail-in option in the Banking Act*” below, the current proposed amendments to the Banking Act are likely to accelerate the implementation timeframe of some or all of these resolution powers in the United Kingdom.

As well as a “write-down and conversion power” and a “bail-in” power, the powers currently proposed to be granted to the relevant U.K. resolution authority under the draft RRD include the power to (i) direct the sale of the relevant financial institution or the whole or part of its business on commercial terms without requiring the consent of the shareholders or complying with the procedural requirements that would otherwise apply, (ii) transfer all or part of the business of the relevant financial institution to a “bridge bank” (a publicly controlled entity) and (iii) transfer the impaired or problem assets of the relevant financial institution to an asset management vehicle to allow them to be managed over time. In addition, the draft RRD proposes, among the broader powers proposed to be granted to the relevant resolution authority, to provide powers to the relevant resolution authority to amend the maturity date and/or any interest payment date of debt instruments or other eligible liabilities of the relevant financial institution and/or impose a temporary suspension of payments.

The RRD contains safeguards for shareholders and creditors in respect of the application of the “write down and conversion” and “bail-in” powers which aim to ensure that they do not incur greater losses than they would have incurred had the relevant financial institution been wound up under normal insolvency proceedings.

There remains significant uncertainty regarding the ultimate nature and scope of these powers and, if ever implemented, how they would affect the Group and the Notes. Accordingly, it is not yet possible to assess the full impact of the draft RRD on the Group and on holders of the Notes, and there can be no assurance that, once it is implemented, the manner in which it is implemented or the taking of any actions by the

relevant U.K. resolution authority currently contemplated in the draft RRD would not adversely affect the rights of holders of the Notes, the price or value of an investment in the Notes and/or the Issuers' ability to satisfy their obligations under the Notes.

Article 518 of the CRD IV Regulation states that if the RRD is not adopted by 31 December 2015, the European Commission should review and report whether the CRD IV Regulation should be amended so as to include write-down and conversion powers to ensure that relevant capital instruments fully absorb losses at the point of non-viability of the issuing institution and before any other resolution action is taken. There is a risk that such an amendment would result in the Notes being used to absorb losses on the occurrence of a non-viability event.

The exercise of any such power or any suggestion of such exercise could, therefore, materially adversely affect the value of any Notes subject to the RRD and could lead to the holders of the Notes losing some or all of their investment in the Notes.

#### *U.K. resolution regime*

In the United Kingdom, the Banking Act 2009, as amended (the “**Banking Act**”) provides for a regime (the “**resolution regime**”) to allow the Bank of England (or, in certain circumstances, U.K. HM Treasury (the “**U.K. Treasury**”) to resolve failing banks in the United Kingdom, in consultation with the PRA, the FCA and U.K. Treasury, as appropriate. Under the Banking Act, these authorities are given powers, including (a) the power to make share transfer orders pursuant to which all or some of the Notes issued by a U.K. bank may be transferred to a commercial purchaser or the U.K. government; and (b) the power to transfer all or some of the property, rights and liabilities of a U.K. bank to a commercial purchaser or Bank of England entity. A share transfer order can extend to a wide range of Notes, including shares and bonds issued by a U.K. bank (including the Bank) or its holding company (the Company) and warrants for such shares and bonds. Certain of these powers have been extended to companies within the same group as a U.K. bank and a consultation on the secondary legislation to determine the scope of such extension has been published. It is expected that, by virtue of such extension, Barclays would be within the scope of certain of the Banking Act powers.

The Banking Act also gives the authorities powers to override events of default or termination rights that might be invoked as a result of the exercise of the resolution powers. The Banking Act powers apply regardless of any contractual restrictions and compensation may be payable in the context of both share transfer orders and property appropriation.

The Banking Act also gives the Bank of England the power to override, vary or impose contractual obligations between a U.K. bank, its holding company and its group undertakings for reasonable consideration, in order to enable any transferee or successor bank to operate effectively. There is also power for the U.K. Treasury to amend the law (excluding provisions made by or under the Banking Act) for the purpose of enabling it to use the regime powers effectively, potentially with retrospective effect.

If these powers were to be exercised in respect of the Issuers (or any member of the Group), there could be a material adverse effect on the rights of holders of Notes, including through a material adverse effect on the price of the Notes.

#### *Bail-in option in the Banking Act*

On 1 October 2013, the U.K. Government published amendments to the Financial Services (Banking Reform) Bill, further amended on 24 October 2013 (the “**Banking Reform Bill**”), which include amendments to the Banking Act to insert a bail-in option among the powers of the U.K. resolution authority.

The bail-in option is introduced as an additional power available to the U.K. resolution authority, to enable it to recapitalise a failed institution by allocating losses to its shareholders and unsecured creditors in a manner that ought to respect the hierarchy of claims in an insolvency of a relevant financial institution, consistent with shareholders and creditors of financial institutions not receiving less favourable treatment than they would have done in insolvency. The bail-in option includes the power to cancel a liability or modify the terms of contracts for the purposes of reducing or deferring the liabilities of the bank under resolution and the power to convert a liability from one form to another. The conditions for use of the bail-in option are, in summary, that (i) the regulator determines that the bank is failing or

likely to fail, (ii) it is not reasonably likely that any other action can be taken to avoid the bank's failure and (iii) the U.K. resolution authority determines that it is in the public interest to exercise the bail-in power.

It is expected that the Banking Reform Bill will be passed by the U.K. Parliament in early 2014 and, thereafter, the U.K. Treasury will stipulate the date on which the majority of the provisions will enter into force. However, the Banking Reform Bill is still in draft form and may be subject to change. There can be no assurance that, once the bail-in option enters into force, the manner in which it is finally adopted will be consistent with the current draft of the Banking Reform Bill.

In announcing the introduction of the bail-in option, the U.K. Government expressed that it was confident that such powers could be introduced without the risk of having to adapt to a radically different regime when the RRD is implemented, given the legislative progress of the RRD. However, the RRD is still in draft form and changes may be made to the expected powers, which may require amendments to the bail-in option proposed to be inserted in the Banking Act. Therefore, it is not yet possible to assess the full impact of the draft RRD on the Group and on holders of the Notes, as explained above in “— *European resolution regime and loss absorption at the point of non-viability*”.

In addition, the Banking Act may be amended and/or other legislation may be introduced in the United Kingdom to amend the resolution regime that would apply in the event of a bank failure or to provide regulators with other resolution powers.

For more information on changes in law, see “— *Other changes in law may adversely affect the rights of holders of the Notes.*”

*Other changes in law may adversely affect the rights of holders of the Notes.*

Changes in law after the date hereof may affect the rights of holders as well as the market value of the Notes. Such changes in law may include changes in statutory, tax and regulatory regimes during the life of the Notes, which may have an adverse effect on an investment in the Notes.

In addition, any change in law or regulation that triggers a Regulatory Event or a Tax Event would entitle the relevant Issuer, at its option, to redeem the Notes, in whole but not in part, as more particularly described under Condition 9(b) “*Redemption for tax reasons*” and Condition 9(f) “*Regulatory Event Redemption of Tier 2 Capital Notes*” respectively. See also “— *Risks Relating to the Notes - Certain Notes may be redeemed prior to maturity*”.

Such legislative and regulatory uncertainty could also affect an investor's ability to accurately value the Notes and, therefore, affect the trading price of the Notes given the extent and impact on the Notes that one or more regulatory or legislative changes, including those described above, could have on the Notes.

#### *Market infrastructure reforms*

The European Market Infrastructure Regulation (“**EMIR**”) introduces new requirements to improve transparency and reduce the risks associated with the derivatives market. These requirements come into force progressively through 2013 and 2014. When it enters fully into force, EMIR will require entities that enter into any form of derivative contract, including interest rate, foreign exchange, equity, credit and commodity derivatives, to: report every derivative contract entered into to a trade repository; implement new risk management standards (including operational processes and margining) for all bi-lateral over-the-counter derivative trades that are not cleared by a central counterparty; and clear, through a central counterparty, over-the-counter derivatives that are subject to a mandatory clearing obligation. CRD IV aims to complement EMIR by applying higher capital requirements for bilateral, over-the-counter derivative trades. Lower capital requirements for cleared trades are only available if the central counterparty is recognised as a “qualifying central counterparty”, which has been authorized or recognised under EMIR (in accordance with related binding technical standards).

In the U.S., the Dodd-Frank Act also mandates that many types of derivatives now traded in the over-the-counter markets must be traded on an exchange or swap execution facility and must be centrally cleared through a regulated clearing house. In addition, participants in these markets are now made subject to CFTC and SEC regulation and oversight. Entities required to register with the CFTC as “swap dealers” or “major swap participants” and/or with the SEC as “security-based swap dealers” or “major security-based swap dealers” are or will be subject to business conduct, capital, margin, record keeping and reporting

requirements. The Bank has provisionally registered with the CFTC as a swap dealer. It is possible that other additional regulations (many of which still are not final), and the related expenses and requirements, will increase the cost of and restrict participation in the derivative markets, thereby increasing the costs of engaging in hedging or other transactions and reducing liquidity and the use of the derivative markets.

The new regulation of the derivative markets could adversely affect the business of the Bank and its affiliates in these markets and could make it more difficult and expensive to conduct hedging and trading activities, which could in turn reduce the demand for swap dealer and similar services of the Bank and its subsidiaries. In addition, as a result of these increased costs, the new regulation of the derivative markets may also result in the Group deciding to reduce its activity in these markets.

#### *Increased regulatory scrutiny*

In addition to the costs and risks that may arise as a result of changing laws and regulations and interpretations thereof, Barclays devotes considerable resources to compliance with existing regulatory requirements and requests. This is an ongoing process of engagement with banking, markets and other regulators in many jurisdictions throughout the world.

In addition to its principal regulators in the UK, Barclays faces significant regulatory scrutiny in many of the other jurisdictions in which it operates, in particular in the U.S. where its business has grown in size and complexity since 2008 (particularly following the Lehman acquisition). This in turn requires continual monitoring and upgrading of complex control systems in areas such as unauthorised trading, know-your-customer, sanctions and anti-money laundering. Barclays' ability to maintain and grow its businesses in the UK and the U.S. (as well as in other jurisdictions) will depend in considerable part upon its ability to respond to both current regulatory standards and expectations as well as to comply with those standards and expectations as they evolve in the future, both in terms of the actual requirements and the way in which the relevant regulators implement and enforce them. The above also requires significant management resource and attention and is dependent on the Group ensuring that sufficient and appropriately qualified staff are dedicated to oversee and manage such issues. If Barclays is not able to satisfy its regulators in the key markets in which it operates, and in particular in the UK and the U.S., as to its compliance with applicable requirements, including any current or future remedial actions required to be taken and/or the satisfactory nature of systems and controls, those regulators could take actions, or require the Group to take actions, which would be damaging to Barclays' businesses and which could have a material adverse effect on the Group's operations, financial condition and prospects.

#### ***Taxation risk: the Group could suffer financial or reputational damage arising from the way in which it manages its tax affairs***

The Group is subject to the tax laws in all countries in which it operates, including tax laws adopted at the EU level, and is impacted by a number of double taxation agreements between countries.

There is risk that the Group could suffer losses due to additional tax charges, other financial costs or reputational damage due to: failure to comply with, or correctly assess the application of, relevant tax law; failure to deal with tax authorities in a timely, transparent and effective manner (including in relation to historic transactions which might have been perceived as aggressive in tax terms); incorrect calculation of tax estimates for reported and forecast tax numbers; or provision of incorrect tax advice. Such charges, or conducting any challenge to a relevant tax authority, could lead to adverse publicity, reputational damage and potentially costs materially exceeding current provisions, in each case to an extent which could have an adverse effect on the Group's operations, financial conditions and prospects.

In addition, any changes to the tax regimes applicable to the Group, could have a material adverse effect on the Group. For example, depending on the terms of the final form of legislation as implemented, the introduction of the proposed EU Financial Transaction Tax (see page 119 to 120 in the section entitled "*United Kingdom Taxation*" for more information) could adversely affect certain of the Group's businesses and have a material adverse effect on the Group's operations, financial conditions and prospects.

#### ***Conduct and Reputation risks: Damage to the Group's reputation could damage its businesses***

Conduct Risk is the risk that detriment is caused to the Group's customers, clients or counterparties or Barclays and its employees because of inappropriate execution of the Group's business activities.

Reputation Risk is the risk of damage to the Barclays brand arising from any association, action or inaction which is perceived by stakeholders to be inappropriate or unethical (for example, the industry wide investigation into the setting of LIBOR and other benchmarks and the mis-selling of PPI to consumers). Reputation risk may also arise from past, present or potential failures in corporate governance or management (for example, if Barclays were to provide funding or services to clients without fully implementing anti-money laundering, anti-bribery or similar precautions). In addition, reputation risk may arise from the actual or perceived manner in which Barclays conducts its business activities or in which business activities are conducted in the banking and financial industry generally.

Failure to appropriately manage conduct and reputation risks may reduce - directly or indirectly - the attractiveness of the Group to stakeholders, including customers, and may lead to negative publicity, loss of revenue, litigation, higher scrutiny and/or intervention from regulators, regulatory or legislative action, loss of existing or potential client business, reduced workforce morale, and difficulties in recruiting and retaining talent. Sustained damage arising from conduct and reputation risks could have a materially negative impact on the Group's ability to operate fully and the value of the Group's franchise, which in turn could negatively affect the Group's operations, financial condition and prospects.

### ***Transform programme***

The "Transform programme" represents the strategy of the Group, both for improved financial performance and cultural change, and the Group expects to incur significant restructuring charges and costs associated with implementing this strategic plan. In addition, the successful development and implementation of the strategic plan requires difficult, subjective and complex judgements, including forecasts of economic conditions in various parts of the world, and is subject to significant execution risks. For example, the Group's ability to implement successfully the Transform programme may be adversely impacted by a significant global macroeconomic downturn, legacy issues, limitations in the Group's management or operational capacity or significant and unexpected regulatory change in countries in which the Group operates. Moreover, progress on the three elements of the Transform programme, or on the various components of these elements (including reduction in costs relative to net operating income), is unlikely to be uniform or linear, and certain targets may be achieved more slowly than others, if at all.

Failure to implement successfully the Transform programme could have a material adverse effect on the Group's ability to achieve the stated targets and other expected benefits of the Transform programme and there is also a risk that the costs associated with implementing the programme may be higher than the financial benefits expected to be achieved through the programme. In addition, the Group may not be successful in meeting the goals of embedding a culture and set of values across the Group and achieving lasting and meaningful change to the Group's culture, and this could negatively impact the Group's operations, financial condition and prospects.

### **EU Savings Directive**

Under EC Council Directive 2003/48/EC on the taxation of savings income ("**EU Savings Directive**"), each EU Member State ("**EU Member State**") is required to provide to the tax authorities of another EU Member State details of payments of interest or other similar income paid by a person within its jurisdiction to, or collected by such a person for, an individual resident or certain limited types of entity established in that other EU Member State; however, for a transitional period, Austria and Luxembourg may instead apply a withholding system in relation to such payments, deducting tax at a rate of 35 per cent. (subject to a procedure whereby, on meeting certain conditions, the beneficial owner of the interest or other income may request that no tax be withheld) unless during such period they elect otherwise. The transitional period is to terminate at the end of the first full fiscal year following agreement by certain non-EU countries to the exchange of information relating to such payments.

Luxembourg has announced that it will no longer apply the withholding tax system as from 1 January 2015 and will provide details of payments of interest (or similar income) as from this date.

A number of non-EU countries including Switzerland, and certain dependent or associated territories of certain EU Member States, have adopted similar measures (either provision of information or transitional withholding) in relation to payments made by a person within its jurisdiction to, or collected by such a person for, an individual resident or certain limited types of entity established in an EU Member State. In addition, the EU Member States have entered into provision of information or transitional withholding

arrangements with certain of those dependent or associated territories in relation to payments made by a person in an EU Member State to, or collected by such a person for, an individual resident or certain limited types of entity established in one of those territories.

The European Commission has proposed certain amendments to the Directive which may, if implemented, amend or broaden the scope of the requirements described above. Investors who are in any doubt as to their position should consult their professional advisers.

Where a deduction or withholding is imposed on a payment to an individual as described above pursuant to the EU Savings Directive or any law implementing or complying with, or introduced in order to conform to the EU Savings Directive, the relevant Issuer is under no obligation to pay additional amounts to ensure that the net amounts received by the Noteholder after such deduction or withholding are equal to the amounts which would have been receivable in the absence of such deduction or withholding.

The relevant Issuer will, however, ensure that at all times it maintains a paying agent in an EU Member State that will not be obliged to withhold or deduct tax pursuant to the EU Savings Directive or any law implementing or complying with, or introduced to conform to, the EU Savings Directive.

## INFORMATION INCORPORATED BY REFERENCE

The following information has been filed with the FCA and shall be deemed to be incorporated in, and to form part of, this Base Prospectus:

- (a) the sections set out below from the joint Annual Report of the Company and the Bank, as filed with the SEC on Form 20-F in respect of the years ended 31 December 2011 and 31 December 2012 (the "**Joint Annual Report**"):
 

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- (b) the Annual Reports of the Bank containing the audited consolidated financial statements and the independent auditors' reports of the Bank in respect of the years ended 31 December 2011 (the "**2011 Bank Annual Report**") and 31 December 2012 (the "**2012 Bank Annual Report**"), respectively;
- (c) the joint unaudited Interim Results Announcement of the Company and the Bank as filed with the SEC on Form 6-K on Film Number 13996454 on 30 July 2013 in respect of the six months ended 30 June 2013 (the "**Interim Results Announcement**");
- (d) the joint unaudited Interim Management Statement of the Company and the Bank as filed with the SEC on Form 6-K on Film Number 131178459 on 30 October 2013 in respect of the nine months ended 30 September 2013 (the "**Interim Management Statement**");
- (e) the announcement by the Company and the Bank of their Leverage Plan as filed jointly by the Company and the Bank with the SEC on Form 6-K on Film Number 13995561 on 30 July 2013 (the "**Leverage Plan**");
- (f) the sections set out below from the restated audited 2012 and 2011 financial statements of the Company as filed with the SEC on Form 6-K on 6 September 2013 (the "**Restated Statements**"):
 

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- (g) the announcement jointly filed with the SEC by the Company and the Bank on Form 6-K on Film Number 131205334 on 8 November 2013 (the "**8 November 2013 Form 6-K**");
- (h) the current report on Form 6-K including Additional Issues Disclosure filed on 16 September 2013 with the exception of the updated capitalisation and indebtedness table as of 30 June 2013

included on pages 22 to 27 of the report, which shall not be deemed to be incorporated in this Base Prospectus (the "**16 September 2013 Form 6-K**"); and

- (i) the terms and conditions set out on pages 32 to 57 of the base prospectus dated 1 June 2012 (the "**2012 Conditions**"), the terms and conditions set out on pages 47 to 71 of the base prospectus dated 22 June 2011 (the "**2011 Conditions**"); the terms and conditions set out on pages 47 to 71 of the base prospectus dated 15 June 2010 (the "**2010 Conditions**"), the terms and conditions set out on pages 36 to 61 of the base prospectus dated 8 June 2009 (the "**2009 Conditions**"), the terms and conditions set out on pages 42 to 66 of the base prospectus dated 9 June 2008 (the "**2008 Conditions**"), the terms and conditions set out on pages 41 to 65 of the base prospectus dated 7 June 2007 (the "**2007 Conditions**"), the terms and conditions set out on pages 36 to 59 of the base prospectus dated 8 June 2006 (the "**2006 Conditions**") and the terms and conditions set out on pages 36 to 72 of the information memorandum dated 24 May 2005 (the "**2005 Conditions**"), each relating to the Programme under the heading "Conditions of the Notes".

The above documents may be inspected as described in paragraph 6 of "General Information" and are available in electronic form at <http://www.barclays.com/InvestorRelations/DebtInvestors>. Any information contained in any of the documents specified above which is not incorporated by reference in this Base Prospectus is either not relevant for prospective investors or is covered elsewhere in this Base Prospectus.

Each of the Company and the Bank has applied IFRS as issued by the International Accounting Standards Board and as adopted by the EU in the financial statements incorporated by reference above. A summary of the significant accounting policies for each of the Company and the Bank is included in each of the Joint Annual Report, the 2011 Bank Annual Report and the 2012 Bank Annual Report.



## FINAL TERMS AND DRAWDOWN PROSPECTUSES

In this section the expression "necessary information" means, in relation to any Tranche of Notes, the information necessary to enable investors to make an informed assessment of the assets and liabilities, financial position, profits and losses and prospects of the Company and the Bank and of the rights attaching to the Notes. In relation to the different types of Notes which may be issued under the Programme, the Company and the Bank have included in this Base Prospectus all of the necessary information except for information relating to the Notes which is not known at the date of this Base Prospectus and which can only be determined at the time of an individual issue of a Tranche of Notes.

Any information relating to the Notes which is not included in this Base Prospectus and which is required in order to complete the necessary information in relation to a Tranche of Notes will be contained either in the relevant Final Terms or in a Drawdown Prospectus.

For a Tranche of Notes which is the subject of Final Terms, those Final Terms will, for the purposes of that Tranche only, supplement this Base Prospectus and must be read in conjunction with this Base Prospectus. The terms and conditions applicable to any particular Tranche of Notes which is the subject of Final Terms are the Conditions described in the relevant Final Terms as supplemented to the extent described in the relevant Final Terms.

The terms and conditions applicable to any particular Tranche of Notes which is the subject of a Drawdown Prospectus will be the Conditions as supplemented, amended and/or replaced to the extent described in the relevant Drawdown Prospectus. In the case of a Tranche of Notes which is the subject of a Drawdown Prospectus, each reference in this Base Prospectus to information being specified or identified in the relevant Final Terms shall be read and construed as a reference to such information being specified or identified in the relevant Drawdown Prospectus unless the context requires otherwise.

Each Drawdown Prospectus will be constituted either (1) by a single document containing the necessary information relating to the Company and/or the Bank and the relevant Notes or (2) by a registration document (the "**Registration Document**") containing the necessary information relating to the Company and/or the Bank, a securities note (the "**Securities Note**") containing the necessary information relating to the relevant Notes and, if necessary, a summary note.

## FORMS OF THE NOTES

### **Bearer Notes**

Each Tranche of Notes in bearer form ("**Bearer Notes**") will initially be in the form of either a temporary global note in bearer form (the "**Temporary Global Note**"), without interest coupons, or a permanent global note in bearer form (the "**Permanent Global Note**"), without interest coupons, in each case as specified in the relevant Final Terms. Each Temporary Global Note or, as the case may be, Permanent Global Note (each a "**Global Note**") which is not intended to be issued in NGN form, as specified in the relevant Final Terms, will be deposited on or around the issue date of the relevant Tranche of the Notes with a depositary or a common depositary for Euroclear and/or Clearstream, Luxembourg and/or a sub-custodian for the CMU Service and/or any other relevant clearing system and each Global Note which is intended to be issued in NGN form, as specified in the relevant Final Terms, will be deposited on or around the issue date of the relevant Tranche of the Notes with a common safekeeper for Euroclear and/or Clearstream, Luxembourg.

On 13 June 2006, the European Central Bank (the "**ECB**") announced that Notes in NGN form are in compliance with the "*Standards for the use of EU securities settlement systems in ESCB credit operations*" of the central banking system for the euro (the "**Eurosystem**"), provided that certain other criteria are fulfilled. At the same time the ECB also announced that arrangements for Notes in NGN form will be offered by Euroclear and Clearstream, Luxembourg from 30 June 2006 and that debt securities in global bearer form issued through Euroclear and Clearstream, Luxembourg after 31 December 2006 will only be eligible as collateral for Eurosystem operations if the NGN form is used.

In the case of each Tranche of Bearer Notes, the relevant Final Terms will also specify whether United States Treasury Regulation §1.163-5(c)(2)(i)(C) (or a successor provision) (the "**TEFRA C Rules**") or United States Treasury Regulation §1.163-5(c)(2)(i)(D) (or a successor provision) (the "**TEFRA D Rules**") are applicable in relation to the Notes or, if the Notes do not have a maturity of more than 365 days, that neither the TEFRA C Rules nor the TEFRA D Rules are applicable.

### ***Temporary Global Note exchangeable for Permanent Global Note***

If the relevant Final Terms specifies the form of Notes as being "Temporary Global Note exchangeable for a Permanent Global Note", then the Notes will initially be in the form of a Temporary Global Note which will be exchangeable, in whole or in part, for interests in a Permanent Global Note, without interest coupons, not earlier than 40 days after the issue date of the relevant Tranche of the Notes upon certification as to non-U.S. beneficial ownership. No payments will be made under the Temporary Global Note unless exchange for interests in the Permanent Global Note is improperly withheld or refused. In addition, interest payments in respect of the Notes cannot be collected without such certification of non-U.S. beneficial ownership.

Whenever any interest in the Temporary Global Note is to be exchanged for an interest in a Permanent Global Note, the Issuers shall procure (in the case of first exchange) the delivery (free of charge to the bearer) of a Permanent Global Note, duly authenticated and, in the case of a NGN, effectuated, to the bearer of the Temporary Global Note or (in the case of any subsequent exchange) an increase in the principal amount of the Permanent Global Note in accordance with its terms against:

- (i) presentation and (in the case of final exchange) presentation and surrender of the Temporary Global Note to or to the order of the Principal Paying Agent; and
- (ii) receipt by the Principal Paying Agent of a certificate or certificates of non-U.S. beneficial ownership,

within 7 days of the bearer requesting such exchange. In the case of the CMU Service, no such exchange will be effected until all relevant account holders (as set out in a CMU Instrument Position Report) (as defined in the rules of the CMU Service) or any other relevant notification supplied to the CMU Lodging and Paying Agent by the CMU Service have provided certification of non-U.S. beneficial ownership.

### ***Temporary Global Note exchangeable for Definitive Notes***

If the relevant Final Terms specifies the form of Notes as being "Temporary Global Note exchangeable for Definitive Notes" and also specifies that the TEFRA C Rules are applicable or that neither the TEFRA

C Rules or the TEFRA D Rules are applicable, then the Notes will initially be in the form of a Temporary Global Note which will be exchangeable, in whole but not in part, for Bearer Notes in definitive form ("**Definitive Notes**") not earlier than 40 days after the issue date of the relevant Tranche of the Notes.

If the relevant Final Terms specifies the form of Notes as being "Temporary Global Note exchangeable for Definitive Notes" and also specifies that the TEFRA D Rules are applicable, then the Notes will initially be in the form of a Temporary Global Note which will be exchangeable, in whole or in part, for Definitive Notes not earlier than 40 days after the issue date of the relevant Tranche of the Notes upon certification as to non-U.S. beneficial ownership. Interest payments in respect of the Notes cannot be collected without such certification of non-U.S. beneficial ownership.

In relation to any Notes issued with a denomination of EUR100,000 (or equivalent) and integral multiples of EUR1,000 (or equivalent), the Temporary Global Note representing such Notes shall only be exchangeable for Definitive Notes in the limited circumstances described above.

Whenever the Temporary Global Note is to be exchanged for Definitive Notes, the Issuers shall procure the prompt delivery (free of charge to the bearer) of such Definitive Notes, duly authenticated and with Coupons and Talons attached (if so specified in the relevant Final Terms), in an aggregate principal amount equal to the principal amount of the Temporary Global Note to (or to the order of) the bearer of the Temporary Global Note against the surrender of the Temporary Global Note to or to the order of the Principal Paying Agent or the CMU Lodging and Paying Agent (as the case may be) within 30 days of the bearer requesting such exchange.

#### ***Permanent Global Note exchangeable for Definitive Notes***

If the relevant Final Terms specifies the form of Notes as being "Permanent Global Note exchangeable for Definitive Notes", then the Notes will initially be in the form of a Permanent Global Note which will be exchangeable in whole, but not in part, for Definitive Notes:

- (i) on the expiry of such period of notice as may be specified in the relevant Final Terms; or
- (ii) at any time, if so specified in the relevant Final Terms; or
- (iii) if the relevant Final Terms specifies "in the limited circumstances described in the Permanent Global Note", then if either of the following events occurs:
  - (a) Euroclear, Clearstream, Luxembourg, the CMU Service 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;
  - (b) any of the circumstances described in Condition 14 (*Events of Default*) occurs;
- (iv) if the Trustee is satisfied that, on the occasion of the next payment due in respect of the Notes of the relevant Series, the relevant Issuer or any of the Paying Agents would be required to make any deduction or withholding from any payment in respect of such Notes which would not be required were such Notes in definitive form.

In relation to any Notes issued with a denomination of EUR100,000 (or equivalent) and integral multiples of EUR1,000 (or equivalent), the Permanent Global Note representing such Notes shall only be exchangeable for Definitive Notes in the limited circumstances described above.

Whenever the Permanent Global Note is to be exchanged for Definitive Notes, the relevant Issuer shall procure the prompt delivery (free of charge to the bearer) of such Definitive Notes, duly authenticated and with Coupons and Talons attached (if so specified in the relevant Final Terms), in an aggregate principal amount equal to the principal amount of the Permanent Global Note to (or to the order of) the bearer of the Permanent Global Note against the surrender of the Permanent Global Note to or to the order of the Principal Paying Agent or the CMU Lodging and Paying Agent (as the case may be) within 30 days of the bearer requesting such exchange.

### ***Terms and Conditions applicable to the Bearer Notes***

The terms and conditions applicable to any Definitive Note will be endorsed on that Note and will consist of the terms and conditions set out under "*Terms and Conditions of the Notes*" below and the provisions of the relevant Final Terms which supplement, amend and/or replace those terms and conditions.

The terms and conditions applicable to any Note in global form will differ from those terms and conditions which would apply to the Note were it in definitive form to the extent described under "*Summary of Provisions Relating to the Notes while in Global Form*" below.

### ***Legend concerning United States persons***

In the case of any Tranche of Bearer Notes having a maturity of more than 365 days, the Notes in global form, the Notes in definitive form and any Coupons and Talons appertaining thereto will bear a legend 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."*

### **Registered Notes**

Each Tranche of Notes in registered form ("**Registered Notes**") will be represented by either:

- (i) individual note certificates in registered form ("**Individual Certificates**"); or
- (ii) one or more unrestricted global note certificates ("**Unrestricted Global Certificate(s)**") in the case of Registered Notes sold outside the United States to non-U.S. persons in reliance on Regulation S ("**Unrestricted Registered Notes**") and/or one or more restricted global note certificates ("**Restricted Global Certificate(s)**") in the case of Registered Notes sold to QIBs in reliance on Rule 144A ("**Restricted Registered Notes**"),

in each case as specified in the relevant Final Terms. A certificate ("**Certificate**") will be issued to each Holder of Registered Notes in respect of its registered holding. References in this Base Prospectus to "**Global Certificates**" shall be construed as a reference to Unrestricted Global Certificates and/or Restricted Global Certificates.

In a press release dated 22 October 2008, "*Evolution of the custody arrangement for international debt securities and their eligibility in Eurosystem credit operations*", the ECB announced that it has assessed the new holding structure and custody arrangements for registered notes which the ICSDs had designed in cooperation with market participants and that Notes to be held under the NSS would be in compliance with the "*Standards for the use of EU securities settlement systems in ESCB credit operations*" of the Eurosystem, subject to the conclusion of the necessary legal and contractual arrangements. The press release also stated that the new arrangements for Notes to be held in NSS form will be offered by Euroclear and Clearstream, Luxembourg from 30 June 2010 and that registered debt securities in global registered form issued through Euroclear and Clearstream, Luxembourg after 30 September 2010 will only be eligible as collateral in Eurosystem operations if the NSS is used.

Each Note represented by an Unrestricted Global Certificate will either be: (a) in the case of a Certificate which is not to be held under the NSS, registered in the name of a common depository (or its nominee) for Euroclear and/or Clearstream, Luxembourg and/or the HKMA in its capacity as operator of the CMU Service and/or any other relevant clearing system and the relevant Unrestricted Global Certificate will be deposited on or about the issue date with the common depository or a sub-custodian for the CMU Service; or (b) in the case of a Certificate to be held under the NSS, be registered in the name of a common safekeeper (or its nominee) for Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system and the relevant Unrestricted Global Certificate will be deposited on or about the issue date with the common safekeeper for Euroclear and/or Clearstream, Luxembourg.

Each Note represented by a Restricted Global Certificate will be registered in the name of Cede & Co. (or such other entity as is specified in the applicable Final Terms) as nominee for DTC and the relevant Restricted Global Certificate will be deposited on or about the issue date with the custodian for DTC (the

"DTC Custodian"). Beneficial interests in Notes represented by a Restricted Global Certificate may only be held through DTC at any time.

If the relevant Final Terms specifies the form of Notes as being "Individual Certificates", then the Notes will at all times be represented by Individual Certificates issued to each Noteholder in respect of their respective holdings.

***Global Certificate exchangeable for Individual Certificates***

If the relevant Final Terms specifies the form of Notes as being "Global Certificate exchangeable for Individual Certificates", then the Notes will initially be represented by one or more Global Certificates each of which will be exchangeable in whole, but not in part, for Individual Certificates:

- (i) on the expiry of such period of notice as may be specified in the relevant Final Terms; or
- (ii) at any time, if so specified in the relevant Final Terms ; or
- (iii) if the relevant Final Terms specifies "in the limited circumstances described in the Global Certificate", then:
  - (a) in the case of any Global Certificate held by or on behalf of DTC, if DTC notifies the Issuers that it is no longer willing or able to discharge properly its responsibilities as depositary with respect to the Global Certificate or DTC ceases to be a "clearing agency" registered under the Exchange Act or if at any time DTC is no longer eligible to act as such, and the relevant Issuer is unable to locate a qualified successor within 90 days of receiving notice or becoming aware of such ineligibility on the part of DTC;
  - (b) in the case of any Unrestricted Global Certificate, if Euroclear, Clearstream, Luxembourg, the CMU Service 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;
  - (c) in any case, if any of the circumstances described in Condition 14 (*Events of Default*) occurs; or
  - (d) if the Trustee is satisfied that, on the occasion of the next payment due in respect of the notes of the relevant Series, the relevant Issuer or any of the Paying Agents would be required to make any deduction or withholding from any payment in respect of such Notes which would not be required were such Notes in definitive form.

Whenever a Global Certificate is to be exchanged for Individual Certificates, each person having an interest in a Global Certificate must provide the relevant Registrar (through the relevant clearing system) with such information as the relevant Issuer and the relevant Registrar may require to complete and deliver Individual Certificates (including the name and address of each person in which the Notes represented by the Individual Certificates are to be registered and the principal amount of each such person's holding). In addition, whenever a Restricted Global Certificate is to be exchanged for Individual Certificates, each person having an interest in the Restricted Global Certificate must provide the relevant Registrar (through the relevant clearing system) with a certificate given by or on behalf of the holder of each beneficial interest in the Restricted Global Certificate stating either (i) that such holder is not transferring its interest at the time of such exchange; or (ii) that the transfer or exchange of such interest has been made in compliance with the transfer restrictions applicable to the Notes and that the person transferring such interest reasonably believes that the person acquiring such interest is a QIB and is obtaining such beneficial interest in a transaction meeting the requirements of Rule 144A. Individual Certificates issued in exchange for interests in the Restricted Global Certificate will bear the legends and be subject to the transfer restrictions set out under "*Transfer Restrictions*".

Whenever a Global Certificate is to be exchanged for Individual Certificates, the relevant Issuer shall procure that Individual Certificates will be issued in an aggregate principal amount equal to the principal amount of the Global Certificate within five business days of the delivery, by or on behalf of the registered holder of the Global Certificate to the relevant Registrar of such information as is required to complete and deliver such Individual Certificates against the surrender of the Global Certificate at the specified office of the relevant Registrar.

Such exchange will be effected in accordance with the provisions of the Trust Deed and the Agency Agreement and the regulations concerning the transfer and registration of Notes scheduled to the Agency Agreement and, in particular, shall be effected without charge to any holder, but against such indemnity as the relevant 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 Notes***

The terms and conditions applicable to any Individual Certificate will be endorsed on that Individual Certificate and will consist of the terms and conditions set out under "*Terms and Conditions of the Notes*" below and the provisions of the relevant Final Terms which supplement, amend and/or replace those terms and conditions.

The terms and conditions applicable to any Global Certificate will differ from those terms and conditions which would apply to the Note were it in definitive form to the extent described under "*Summary of Provisions Relating to the Notes while in Global Form*" below.

### **CMU Service**

The CMU Service is a central depository service provided by the Central Moneymarkets Unit of the HKMA for the safe custody and electronic trading between the members of this service ("CMU Members") of capital markets instruments ("CMU Instruments") which are specified in the CMU Reference Manual as capable of being held within the CMU Service.

The CMU Service is only available to CMU Instruments issued by a CMU Member or by a person for whom a CMU Member acts as agent for the purposes of lodging instruments issued by such persons. Membership of the CMU Service is open to all members of the Hong Kong Capital Markets Association and "authorised institutions" under the Banking Ordinance (Cap. 155) of Hong Kong.

Compared to clearing services provided by Euroclear and Clearstream, Luxembourg, the standard custody and clearing service provided by the CMU Service is limited. In particular (and unlike the European Clearing Systems), the HKMA does not as part of this service provide any facilities for the dissemination to the relevant CMU Members of payments (of interest or principal) under, or notices pursuant to the notice provisions of, the CMU Instruments. Instead, the HKMA advises the lodging CMU Member (or a designated paying agent) of the identities of the CMU Members to whose accounts payments in respect of the relevant CMU Instruments are credited, whereupon the lodging CMU Member (or the designated paying agent) will make the necessary payments of interest or principal or send notices directly to the relevant CMU Members. Similarly, the HKMA will not obtain certificates of non U.S. beneficial ownership from CMU Members or provide any such certificates on behalf of CMU Members. The CMU Lodging and Paying Agent will collect such certificates from the relevant CMU Members identified from an instrument position report obtained by request from the HKMA for this purpose.

An investor holding an interest through an account with either Euroclear or Clearstream, Luxembourg in any Notes held in the CMU Service will hold that interest through the respective accounts which Euroclear and Clearstream, Luxembourg each have with the CMU Service.

### **Summary of Provisions relating to the Notes while in Global Form**

#### ***Clearing System Accountholders***

In relation to any Tranche of Notes represented by a Global Note, references in the Conditions to "**Noteholder**" are references to the bearer of the relevant Global Note which, for so long as the Global Note is held by a depository or a common depository and/or a sub-custodian for the CMU Service, in the case of a CGN, or a common safekeeper, in the case of an NGN for Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system, will be that depository, common depository, sub-custodian or, as the case may be, common safekeeper.

In relation to any Tranche of Notes represented by one or more Global Certificates, references in the Conditions to "Noteholder" are references to the person in whose name the relevant Global Certificate is for the time being registered in the Register which (a) in the case of a Restricted Global Certificate held by or on behalf of DTC, will be Cede & Co. (or such other entity as is specified in the applicable Final Terms) as nominee for DTC; and (b) in the case of any Unrestricted Global Certificate which is held by or

on behalf of a depository or a common depository or a common safekeeper for Euroclear and/or Clearstream, Luxembourg and/or a sub-custodian for the CMU Service and/or any other relevant clearing system, will be that depository or sub-custodian or common depository or common safekeeper or a nominee for that depository or common depository or sub-custodian or common safekeeper, as the case may be.

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

If a Global Note or a Global Certificate is lodged with a sub-custodian for the CMU Service or registered with the HKMA in its capacity as operator of the CMU Service, the person(s) for whose account(s) interests in such Global Note or Global Certificate are credited as being held in the CMU Service in accordance with the CMU Rules as notified by the CMU Service to the CMU Lodging and Paying Agent in a relevant CMU Instrument Position Report or any other relevant notification by the CMU Service (which notification, in either case, shall be conclusive evidence of the records of the CMU Service save in the case of manifest error) shall be the only person(s) entitled or in the case of Registered Notes, directed by the registered holder as entitled on its behalf to receive payments in respect of Notes represented by such Global Note or Global Certificate and the relevant Issuer will be discharged by payment to, or to the order of, such person(s) for whose account(s) interests in such Global Note or Global Certificate are credited as being held in the CMU Service in respect of each amount so paid. Each of the persons shown in the records of the CMU Service, as the beneficial holder of a particular nominal amount of Notes represented by such Global Note or Global Certificate must look solely to the CMU Lodging and Paying Agent for his share of each payment so made by the relevant Issuer in respect of such Global Note or Global Certificate.

#### ***Transfers of Interests in Global Notes and Global Certificates***

Transfers of interests in Global Notes and Global Certificates within DTC, Euroclear and Clearstream, Luxembourg, the CMU Service or any other relevant clearing system will be in accordance with their respective rules and operating procedures. None of the Company, the Bank, the Trustee, the Registrars, the Dealers or the Agents will have any responsibility or liability for any aspect of the records of any of DTC, Euroclear and Clearstream, Luxembourg, the CMU Service or any other relevant clearing system or any of their respective participants relating to payments made on account of beneficial ownership interests in a Global Note or Global Certificate or for maintaining, supervising or reviewing any of the records of DTC, Euroclear and Clearstream, Luxembourg, the CMU Service or any other relevant clearing system or the records of their respective participants relating to such beneficial ownership interests.

The laws of some states of the United States require that certain persons receive individual certificates in respect of their holdings of Notes. Consequently, the ability to transfer interests in a Global Certificate to such persons will be limited. Because clearing systems only act on behalf of participants, who in turn act on behalf of indirect participants, the ability of a person having an interest in a Global Certificate to pledge such interest to persons or entities which do not participate in the relevant clearing systems, or otherwise take actions in respect of such interest, may be affected by the lack of an Individual Certificate representing such interest.

Subject to compliance with the transfer restrictions applicable to the Registered Notes described under "*Transfer Restrictions*", transfers between DTC participants, on the one hand, and Euroclear or Clearstream, Luxembourg accountholders, on the other will be effected by the relevant clearing systems in accordance with their respective rules and through action taken by the DTC Custodian, the relevant Registrar and the Principal Paying Agent.

On or after the issue date for any Series, transfers of Notes of such Series between accountholders in Euroclear and/or Clearstream, Luxembourg and transfers of Notes of such Series between participants in DTC will generally have a settlement date three business days after the trade date (T+3). The customary arrangements for delivery versus payment will apply to such transfers.

Transfers between DTC participants, on the one hand, and Euroclear or Clearstream, Luxembourg accountholders, on the other will need to have an agreed settlement date between the parties to such transfer. Because there is no direct link between DTC, on the one hand, and Euroclear and Clearstream, Luxembourg, on the other, transfers of interests in the relevant Global Certificates will be effected through the Principal Paying Agent, the DTC Custodian, the relevant Registrar and any applicable Transfer Agent receiving instructions (and where appropriate certification) from the transferor and arranging for delivery of the interests being transferred to the credit of the designated account for the transferee. Transfers will be effected on the later of (i) three business days after the trade date for the disposal of the interest in the relevant Global Certificate resulting in such transfer; and (ii) two business days after receipt by the Principal Paying Agent or the relevant Registrar, as the case may be, of the necessary certification or information to effect such transfer. In the case of cross-market transfers, settlement between Euroclear or Clearstream, Luxembourg accountholders and DTC participants cannot be made on a delivery versus payment basis. The securities will be delivered on a free delivery basis and arrangements for payment must be made separately. The customary arrangements for delivery versus payment between Euroclear and Clearstream, Luxembourg account holders or between DTC participants are not affected.

For a further description of restrictions on the transfer of Notes, see "*Subscription and Sale*" and "*Transfer Restrictions*".

Upon the issue of a Restricted Global Certificate to be held by or on behalf of DTC, DTC or the DTC Custodian will credit the respective nominal amounts of the individual beneficial interests represented by such Global Certificate to the account of DTC participants. Ownership of beneficial interests in such Global Certificate will be held through participants of DTC, including the respective depositaries of Euroclear and Clearstream, Luxembourg. Ownership of beneficial interests in such Global Certificate will be shown on, and the transfer of such ownership will be effected only through, records maintained by DTC or its nominee. DTC has advised the Issuers that it will take any action permitted to be taken by a holder of Registered Notes represented by a Global Certificate held by or on behalf of DTC (including, without limitation, the presentation of such Global Certificates for exchange as described above) only at the direction of one or more participants in whose account with DTC interests in such Global Certificate are credited, and only in respect of such portion of the aggregate nominal amount of such Global Certificate as to which such participant or participants has or have given such direction. However, in certain circumstances, DTC will exchange the relevant Global Certificate for Individual Certificates (which will bear the relevant legends set out in "*Transfer Restrictions*").

Although DTC, Euroclear and Clearstream, Luxembourg have agreed to the foregoing procedures in order to facilitate transfers of interests in the Global Certificates among participants and account holders of DTC, Euroclear and Clearstream, Luxembourg, they are under no obligation to perform or continue to perform such procedures, and such procedures may be discontinued at any time. None of the Company, the Bank, the Trustee, the Registrars, the Dealers or the Agents will have any responsibility for the performance by DTC, Euroclear or Clearstream, Luxembourg or their respective direct or indirect participants or account holders of their respective obligations under the rules and procedures governing their respective operations.

While a Global Certificate is lodged with DTC, Euroclear, Clearstream, Luxembourg or any relevant clearing system, Individual Certificates for the relevant Series of Notes will not be eligible for clearing and settlement through such clearing systems.

#### ***Conditions applicable to Global Notes***

Each Global Note and Global Certificate will contain provisions which modify the Conditions as they apply to the Global Note or Global Certificate. The following is a summary of certain of those provisions:

*Payments:* All payments in respect of the Global Note or Global Certificate which, according to the Conditions, require presentation and/or surrender of a Note, Certificate or Coupon will be made against



presentation and (in the case of payment of principal in full with all interest accrued thereon) surrender of the Global Note or Global Certificate to or to the order of any Paying Agent and will be effective to satisfy and discharge the corresponding liabilities of the Issuers in respect of the Notes. On each occasion on which a payment of principal or interest is made in respect of the Global Note, the Issuers shall procure that in respect of a CGN the payment is noted in a schedule thereto and in respect of an NGN the payment is entered pro rata in the records of Euroclear and Clearstream, Luxembourg.

*Payment Business Day:* in the case of a Global Note or a Global Certificate, shall be: if the currency of payment is euro, any day which is a TARGET Settlement Day and a day on which dealings in foreign currencies may be carried on in each (if any) Additional Financial Centre specified in the Final Terms; or, if the currency of payment is not euro, any day which is a day on which dealings in foreign currencies may be carried on in the Principal Financial Centre of the currency of payment and in each (if any) Additional Financial Centre.

*Payment Record Date:* Each payment in respect of a Global Certificate will be made to the person, being 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 clearing system for which the Global Certificate is being held is open for business.

*CMU Service – Bearer Notes:* Payments of principal and interest in respect of Global Notes held in the CMU Service will be made to the Relevant Person(s) (as defined below). In this paragraph, "**Relevant Person(s)**" means the person(s) for whose account(s) interests in the relevant Global Note are credited as being held with the CMU Service in accordance with the CMU Rules (as defined in the Agency Agreement) one business day prior to the relevant payment date as notified to the CMU Lodging and Paying Agent by the CMU Service in a relevant CMU Instrument Position Report (as defined in the Agency Agreement) or any other relevant notification by the CMU Service, which notification shall be conclusive evidence of the records of the CMU Service (save in the case of manifest or proven error). Payment made in accordance thereof shall discharge the obligations of the relevant Issuer in respect of that payment.

*CMU Service – Registered Notes:* Payments of principal and interest in respect of Global Certificates held in the CMU Service will be made to the Relevant Person(s) (as defined below). In this paragraph, "**Relevant Person(s)**" means the person(s) for whose account(s) interests in the relevant Global Certificate are credited as being held with the CMU Service in accordance with the CMU Rules (as defined in the Agency Agreement) one business day prior to the relevant payment date as notified to the CMU Lodging and Paying Agent by the CMU Service in a relevant CMU Instrument Position Report (as defined in the Agency Agreement) or any other relevant notification by the CMU Service, which notification shall be conclusive evidence of the records of the CMU Service (save in the case of manifest or proven error). Payment made in accordance thereof shall discharge the obligations of the relevant Issuer in respect of that payment.

*Exercise of put option:* In order to exercise the option contained in Condition 9(e) (*Redemption at the option of Noteholders*) the bearer of a Permanent Global Note or the holder of a Global Certificate must, within the period specified in the Conditions for the deposit of the relevant Note and put notice, give written notice of such exercise to the Principal Paying Agent specifying the principal amount of Notes in respect of which such option is being exercised. Any such notice will be irrevocable and may not be withdrawn.

*Partial exercise of call option:* In connection with an exercise of the option contained in Condition 9(c) (*Redemption at the option of the Issuer*) in relation to some only of the Notes, the Permanent Global Note or Global Certificate may be redeemed in part in the principal amount specified by the Issuers in accordance with the Conditions and the Notes to be redeemed will not be selected as provided in the Conditions but in accordance with the rules and procedures of DTC, Euroclear, Clearstream, Luxembourg and/or the CMU Service (to be reflected in the records of DTC, Euroclear, Clearstream, Luxembourg and/or the CMU Service as either a pool factor or a reduction in principal amount, at their discretion).

*Notices:* Notwithstanding Condition 20 (*Notices*), while all the Notes are represented by a Global Note or a Global Certificate and the Global Note, or the Global Certificate is, (i) registered in the name of DTC's nominee or deposited with a depository or a common depository for Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system (other than the CMU Service, in respect of which

see (ii) below) or a common safekeeper, notices to Noteholders may be given by delivery of the relevant notice to DTC and/or 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 Noteholders in accordance with Condition 20 (*Notices*) on the date of delivery to DTC and/or Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system or (ii) deposited with the CMU Service, notices to the holders of the Notes of the relevant Series may be given by delivery of the relevant notice to the persons shown in a CMU Instrument Position Report issued by the CMU Service on the second business day preceding the date of despatch of such notice as holding interests in the relevant Global Note or Global Certificate.

### ***Eurosystem Eligibility***

If the Global Notes or Global Certificates are stated in the applicable Final Terms to be issued in NGN form or to be held under the NSS (as the case may be), on or prior to the original issue date of the Tranche, the Global Notes or Global Certificates will be delivered to a Common Safekeeper and Euroclear and Clearstream, Luxembourg will be informed whether or not the Notes are intended to be held as eligible collateral for Eurosystem monetary policy and intra day credit operations by the Eurosystem ("**Eurosystem eligible collateral**").

Depositing the Global Notes or the Global Certificates intended to be held as Eurosystem eligible collateral with a Common Safekeeper does not necessarily mean that the Notes will be recognised as Eurosystem eligible collateral either upon issue, or at any or all times during their life. Such recognition will depend upon the European Central Bank being satisfied that the Eurosystem eligibility criteria have been met. In the case of Notes issued in NGN form or to be held under the NSS (as the case may be) which are not intended to be held as Eurosystem eligible collateral as of their issue date, should the Eurosystem eligibility criteria be amended in the future so that such Notes are capable of meeting the eligibility criteria, such Notes may then be deposited with Euroclear or Clearstream, Luxembourg as Common Safekeeper.

## TERMS AND CONDITIONS OF THE NOTES

*The following is the text of the terms and conditions that, subject to completion in accordance with Part A of the relevant Final Terms, shall be applicable to Notes in definitive form (if any) issued in exchange for the Global Note(s) representing each Series. Either (i) the full text of these terms and conditions together with the relevant provisions of Part A of the Final Terms, or (ii) these terms and conditions as so completed shall be endorsed on such Bearer Notes or on the Certificates relating to such Registered Notes. All capitalised terms that are not defined in the terms and conditions will have the meanings given to them in Part A of the relevant Final Terms. Those definitions will be endorsed on Notes in definitive form or Certificates (as the case may be). The terms and conditions applicable to any Note in global form will differ from those terms and conditions which would apply to the Note were it in definitive form to the extent described under "Forms of the Notes — Summary of Provisions Relating to the Notes while in Global Form" above.*

### 1. Introduction

This Note is one of a series (each a "**Series**") issued pursuant to the Debt Issuance Programme (the "**Programme**") established by Barclays Bank PLC (an "**Issuer**" or the "**Bank**"), Barclays Overseas Capital Corporation B.V. ("**BOCC**") and Barclays Overseas Investment Company B.V. ("**BOIC**") on 10 October 1995. Barclays PLC (an "**Issuer**" or the "**Company**" and, together with the Bank, the "**Issuers**") was added as an issuer under the Programme on 9 June 2008. This Note is constituted by a Trust Deed dated 24 May 2005 as most recently amended and restated on 26 November 2013 (as further amended, restated, modified and/or supplemented from time to time, the "**Trust Deed**") between, *inter alios*, the Bank, the Company and The Bank of New York Mellon, London Branch (the "**Trustee**" which expression shall wherever the context so admits include its successors) and has the benefit of an Agency Agreement dated 10 October 1995, as most recently amended and restated on 26 November 2013 (as amended or supplemented from time to time, the "**Agency Agreement**") made between, *inter alios*, the Bank, the Company, the ICSD Registrar (the "**ICSD Registrar**" which expression shall wherever the context so admits include any successor or other person appointed as such in respect of any Notes), the ICSD Paying Agent (the "**ICSD Paying Agent**" which expression shall wherever the context so admits include any successor or other person appointed as such in respect of any Notes), the ICSD Transfer Agent (the "**ICSD Transfer Agent**" which expression shall wherever the context so admits include any successor or other person appointed as such in respect of any Notes), the Principal Paying Agent (the "**Principal Paying Agent**" which expression shall wherever the context so admits include its successors as such, and, together with the ICSD Paying Agent, the CMU Lodging and Paying Agent and any successor and the other transfer and paying agent(s) appointed in respect of any Notes, the "**Paying Agents**"), the Agent Bank (the "**Agent Bank**" which expression shall wherever the context so admits include any successor or other person appointed as such in respect of any Notes), the Foreign Exchange Agent (the "**Foreign Exchange Agent**" which expression shall wherever the context so admits include any successor or other person appointed as such in respect of any Notes), the CMU Lodging and Paying Agent (the "**CMU Lodging and Paying Agent**", which expression shall wherever the context so admits include its successors as such in respect of any Notes), the CMU Transfer Agent (the "**CMU Transfer Agent**", which expression shall wherever the context so admits include its successors as such in respect of any Notes), the CMU Registrar (the "**CMU Registrar**", which expression shall wherever the context so admits include its successors as such in respect of any Notes to be held in the CMU Service and, together with the ICSD Registrar and any successor and the other registrars appointed in respect of any Notes, the "**Registrars**") each named therein and the Trustee. The initial Paying Agents and the initial Agent Bank are named below. The Trustee shall exercise the duties, powers, trusts, authorities and discretions vested in it by the Trust Deed separately in relation to each Series of Notes in accordance with the provisions of the Trust Deed. Copies of the Trust Deed and the Agency Agreement are available for inspection free of charge during normal business hours at the office for the time being of the Principal Paying Agent (being at 26 November 2013 One Canada Square, London E14 5AL, United Kingdom). References in these Conditions to the "**Issuer**" are to the entity named as such in the applicable Final Terms. For the purpose of these Conditions, all references to the Principal Paying Agent shall, with respect to a Series of Notes to be held in the CMU Service, be deemed to be a reference to the CMU Lodging and Paying Agent and all such references shall be construed accordingly.

Holders of Notes and, in relation to any Series of Bearer Notes, any coupons ("**Coupons**") or talons for further Coupons ("**Talons**") appertaining thereto are entitled to the benefit of, are bound by, and will be deemed to have notice of, all the provisions of the Trust Deed and are deemed to have notice of those provisions applicable to them of the Agency Agreement.

The term "**Notes**" means debt instruments, by whatever name called, issued under the Programme. The Notes may be issued in bearer form ("**Bearer Notes**"), or in registered form ("**Registered Notes**"). All subsequent references in these Conditions to "Notes" are to the Notes which are the subject of the relevant Final Terms. Notes issued under the Programme are issued in Series and each Series may comprise one or more tranches (each a "**Tranche**") of Notes. Each Tranche is the subject of the applicable final terms (the "**Final Terms**") which supplements these terms and conditions (the "**Conditions**"). The terms and conditions applicable to any particular Tranche of Notes are these Conditions as completed by the relevant Final Terms. In the event of any inconsistency between these Conditions and the relevant Final Terms, the relevant Final Terms shall prevail. Certain provisions of these Conditions are summaries of the Trust Deed and the Agency Agreement and are subject to their detailed provisions.

## 2. **Interpretation**

(a) *Definitions:* In these Conditions the following expressions have the following meanings:

"**Accrual Yield**" has the meaning given in the relevant Final Terms;

"**Additional Business Centre(s)**" means the city or cities specified as such in the relevant Final Terms;

"**Additional Financial Centre(s)**" means the city or cities specified as such in the relevant Final Terms;

"**BBSW**" means the Australian Bank Bill Swap Rate;

"**Business Day**" means:

- (a) in relation to any sum payable in euro, a TARGET Settlement Day and a day (other than a Saturday, Sunday or public holiday) on which commercial banks and foreign exchange markets settle payments generally in London and in each (if any) Additional Business Centre;
- (b) in relation to any sum payable in Renminbi, a day (other than a Saturday, Sunday or public holiday) on which commercial banks and foreign exchange markets are open for business and settlement of Renminbi payments in Hong Kong, London and in each (if any) Additional Business Centre and are not authorised or obligated by law or executive order to be closed; and
- (c) in relation to any sum payable in a currency other than euro or Renminbi, a day (other than a Saturday, Sunday or public holiday) on which commercial banks and foreign exchange markets settle payments generally in London, in the Principal Financial Centre of the relevant currency and in each (if any) Additional Business Centre;

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

- (a) "**Following Business Day Convention**" means that the relevant date shall be postponed to the first following day that is a Business Day;
- (b) "**Modified Following Business Day Convention**" or "**Modified Business Day Convention**" means that the relevant date shall be postponed to the first following day that is a Business Day unless that day falls in the next calendar month in which case that date will be the first preceding day that is a Business Day;

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

**"Calculation Amount"** has the meaning given in the relevant Final Terms;

**"Capital Regulations"** means, at any time, the laws, regulations, requirements, standards, guidelines and policies relating to capital adequacy for credit institutions of either (i) the PRA and/or (ii) any other national or European authority, in each case then in effect in the United Kingdom (or in such other jurisdiction in which the Issuer may be organised or domiciled) and applicable to the Group;

**"CDOR"** means the Toronto inter-bank offered rate;

**"CHIBOR"** means the China inter-bank offered rate;

**"CNH HIBOR"** means the CNH Hong Kong interbank offered rate;

**"CMU Service"** means the Central Moneymarkets Unit Service, operated by the Hong Kong Monetary Authority;

**"Coupon Sheet"** means, in respect of a Note, a coupon sheet relating to the Note;

**"Couponholders"** means the holders of the Coupons (whether or not attached to the relevant Notes);

**"CRD IV"** means the legislative package consisting of Directive 2013/36/EU on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms and Regulation (EU) No. 575/2013 on prudential requirements for credit institutions and investment firms of the European Parliament and of the Council, of 26 June 2013;

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

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

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

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

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

where:

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

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

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

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

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

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

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

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

where:

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

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

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

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

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

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

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

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

where:

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

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

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

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

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

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

**provided, however**, that in each such case the number of days in the Calculation Period is calculated from (and including) the first day of the Calculation Period to (but excluding) the last day of the Calculation Period;

"**Early Redemption Amount (Tax)**" means, in respect of any Note, its principal amount or such other amount as may be specified in the relevant Final Terms;

"**Early Termination Amount**" means, in respect of any Note, its principal amount or such other amount as may be specified in these Conditions or the relevant Final Terms;

"**EURIBOR**" means, in respect of any specified currency and any specified period, the interest rate benchmark known as the Euro zone interbank offered rate which is calculated and published by a designated distributor (currently Thomson Reuters) in accordance with the requirements from time to time of the European Banking Federation based on estimated interbank borrowing rates for a number of designated currencies and maturities which are provided, in respect of each

such currency, by a panel of contributor banks (details of historic EURIBOR rates can be obtained from the designated distributor);

"**Extraordinary Resolution**" has the meaning given in the Trust Deed;

"**Final Redemption Amount**" means, in respect of any Note, its principal amount or such other amount as may be specified in the relevant Final Terms;

"**First Interest Payment Date**" means the date specified in the relevant Final Terms;

"**First Margin**" means the margin specified as such in the relevant Final Terms;

"**First Reset Date**" means the date specified in the relevant Final Terms;

"**First Reset Period**" means the period from (and including) the First Reset Date until (but excluding) the Second Reset Date or, if no such Second Reset Date is specified in the relevant Final Terms, the Maturity Date;

"**First Reset Rate of Interest**" means, in respect of the First Reset Period and subject to Condition 6(c), the rate of interest determined by the Agent Bank on the relevant Reset Determination Date as the sum of the relevant Mid-Swap Rate and the First Margin;

"**Fixed Coupon Amount**" has the meaning given in the relevant Final Terms;

"**Fixed Rate Note**" means a Note on which interest is calculated at a fixed rate payable in arrear on a fixed date or dates in each year and on redemption or on such other dates as may be agreed between the relevant Issuer and the relevant dealer(s) (as indicated in the relevant Final Terms);

"**Floating Rate Note**" means a Note on which interest is calculated at a floating rate payable at intervals of one, two, three, six or 12 months or at such other intervals as may be agreed between the relevant Issuer and the relevant dealer(s) (as indicated in the relevant Final Terms);

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

"**HIBOR**" means the Hong Kong inter-bank offered rate;

"**Holder**", in the case of Bearer Notes, has the meaning given in Condition 3(b) (*Form, Denomination, Title and Transfer - Title to Bearer Notes*) and, in the case of Registered Notes, has the meaning given in Condition 3(d) (*Form, Denomination, Title and Transfer - Title to Registered Notes*);

"**Hong Kong**" means the Hong Kong Special Administrative Region of the People's Republic of China;

"**Initial Rate of Interest**" has the meaning specified in the relevant Final Terms;

"**Interest Amount**" means, in relation to a Note and an Interest Period, the amount of interest payable in respect of that Note for that Interest Period;

"**Interest Commencement Date**" means the Issue Date of the Notes or such other date as may be specified as the Interest Commencement Date in the relevant Final Terms;

"**Interest Determination Date**" shall mean the date specified as such in the relevant Final Terms, or if none is so specified:

- (a) if the Reference Rate is LIBOR, the second London business day prior to the start of each Interest Period;
- (b) if the Reference Rate is EURIBOR, the second day on which TARGET2 is open prior to the start of each Interest Period;
- (c) if the Reference Rate is BBSW, the first day of each Interest Period;



- (d) if the Reference Rate is SHIBOR, the first day of each Interest Period;
- (e) if the Reference Rate is CHIBOR, the first day of each Interest Period;
- (f) if the Reference Rate is CNH HIBOR, the second day on which Hong Kong is open prior to the start of each Interest Period;
- (g) if the Reference Rate is TIBOR, the second day on which commercial banks are open for business (including dealings in foreign exchange and foreign currency deposits) in Tokyo prior to the start of each Interest Period;
- (h) if the Reference Rate is STIBOR, the second day on which commercial banks are open for business (including dealings in foreign exchange and foreign currency deposits) in Stockholm prior to the start of each Interest Period;
- (i) if the Reference Rate is SIBOR, the second day on which Singapore is open prior to the start of each Interest Period;
- (j) if the Reference Rate is HIBOR, the first day of each Interest Period; and
- (k) if the Reference Rate is CDOR, the first day of each Interest Period.

**"Interest Payment Date"** means the First Interest Payment Date and any date or dates specified as such in the relevant Final Terms (each such date a **"Specified Interest Payment Date"**) and, if a Business Day Convention is specified in the relevant Final Terms:

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

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

**"ISDA Definitions"** means the 2006 ISDA Definitions (as amended and updated as at the Issue Date of the first Tranche of the Notes of the relevant Series (as specified in the relevant Final Terms) as published by the International Swaps and Derivatives Association, Inc.);

**"Issue Date"** has the meaning given in the relevant Final Terms;

**"LIBOR"** means, in respect of any specified currency and any specified period, the interest rate benchmark known as the London interbank offered rate for that currency and period displayed on the appropriate page on the information service which publishes that rate);

**"Margin"** has the meaning given in the relevant Final Terms;

**"Maturity Date"** has the meaning given in the relevant Final Terms;

**"Maximum Redemption Amount"** has the meaning given in the relevant Final Terms;

**"Mid-Swap Maturity"** has the meaning given in the relevant Final Terms;

**"Mid-Market Swap Rate"** means for any Reset Period the mean of the bid and offered rates for the fixed leg payable with a frequency equivalent to the frequency with which scheduled interest payments are payable on the Notes during the relevant Reset Period (calculated on the day count basis customary for fixed rate payments in the Specified Currency, such day count basis as determined by the Agent Bank) of a fixed-for-floating interest rate swap transaction in the

Specified Currency which transaction (i) has a term equal to the relevant Reset Period and commencing on the relevant Reset Date, (ii) is in an amount that is representative for a single transaction in the relevant market at the relevant time with an acknowledged dealer of good credit in the swap market and (iii) has a floating leg based on the Mid-Swap Floating Leg Benchmark Rate for the Mid-Swap Maturity (as specified in the relevant Final Terms) (calculated on the day count basis customary for floating rate payments in the Specified Currency, such day count basis as determined by the Agent Bank);

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

“**Mid-Swap Floating Leg Benchmark Rate**” means EURIBOR if the Specified Currency is euro or LIBOR for the Specified Currency if the Specified Currency is not euro or the Reference Rate as specified in the relevant Final Terms;

“**Mid-Swap Rate**” means, in relation to a Reset Determination Date and subject to Condition 6(c) (*Fallbacks*), either:

- (i) if Single Mid-Swap Rate is specified in the relevant Final Terms, the rate for swaps in the Specified Currency:
  - (A) with a term equal to the relevant Reset Period; and
  - (B) commencing on the relevant Reset Date,which appears on the Relevant Screen Page; or
- (ii) if Mean Mid-Swap Rate is specified in the relevant Final Terms, the arithmetic mean (expressed as a percentage rate per annum and rounded, if necessary, to the nearest 0.001 per cent. (0.0005 per cent. being rounded upwards) ) of the bid and offered swap rate quotations for swaps in the Specified Currency:
  - (A) with a term equal to the relevant Reset Period; and
  - (B) commencing on the relevant Reset Date,which appear on the Relevant Screen Page,

in either case, as at approximately 11.00 a.m. in the Principal Financial Centre of the Specified Currency on such Reset Determination Date, all as determined by the Agent Bank;

“**Minimum Redemption Amount**” has the meaning given in the relevant Final Terms;

“**Noteholder**”, in the case of Bearer Notes, has the meaning given in Condition 3(b) (*Form, Denomination, Title and Transfer - Title to Bearer Notes*) and, in the case of Registered Notes, has the meaning given in Condition 3(d) (*Form, Denomination, Title and Transfer - Title to Registered Notes*);

“**Optional Redemption Amounts**” means Optional Redemption Amount (Call), Optional Redemption Amount (Put) or Optional Redemption Amount (Regulatory Event), as the case may be, as specified in the relevant Final Terms;

“**Optional Redemption Amount (Call)**” means, in respect of any Note, its principal amount or such other amount as may be specified in the relevant Final Terms;

“**Optional Redemption Amount (Put)**” means, in respect of any Note, its principal amount or such other amount as may be specified in the relevant Final Terms;

“**Optional Redemption Amount (Regulatory Event)**” means, in respect of any Note, its principal amount or such other amount as may be specified in the relevant Final Terms;

“**Optional Redemption Date (Call)**” has the meaning given in the relevant Final Terms;

**"Optional Redemption Date (Put)"** has the meaning given in the relevant Final Terms;

**"Payment Business Day"** means:

- (a) if the currency of payment is euro, any day (other than a Saturday, Sunday or public holiday) which is:
  - (i) a day on which (a) banks in the relevant place of presentation are open for presentation and payment of bearer debt securities and for dealings in foreign currencies, or as the case may be, the CMU Lodging and Paying Agent has its Specified Office or (b) commercial banks are open for general business (including dealings in foreign currencies) in the city where the Principal Paying Agent or the CMU Lodging and Paying Agent, as the case may be, has its Specified Office; and
  - (ii) in the case of payment by transfer to an account, a TARGET Settlement Day and a day on which dealings in foreign currencies may be carried on in each (if any) Additional Financial Centre; or
- (b) if the currency of payment is not euro, any day (other than a Saturday, Sunday or public holiday) which is:
  - (i) a day on which (a) banks in the relevant place of presentation are open for presentation and payment of bearer debt securities and for dealings in foreign currencies, or as the case may be, the CMU Lodging and Paying Agent has its Specified Office or (b) commercial banks are open for general business (including dealings in foreign currencies) in the city where the Principal Paying Agent or the CMU Lodging and Paying Agent, as the case may be, has its Specified Office ; and
  - (ii) in the case of payment by transfer to an account, a day on which dealings in foreign currencies (including, in the case of Renminbi Notes, settlement of Renminbi payments) may be carried on in the Principal Financial Centre of the currency of payment and in each (if any) Additional Financial Centre;

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

**"PRA"** means the United Kingdom Prudential Regulation Authority or such other governmental authority in the United Kingdom having primary responsibility for the prudential supervision of the Issuers;

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

**"Principal Financial Centre"** means, in relation to any currency, the principal financial centre for that currency provided, however, that:

- (a) in relation to euro, it means the principal financial centre of such Member State of the European Communities as is selected (in the case of a payment) by the payee or (in the case of a calculation) by the Agent Bank;
- (b) in relation to Renminbi, it means Hong Kong or the principal financial centre as is specified in the relevant Final Terms; and
- (c) in relation to New Zealand dollars, it means either Wellington or Auckland as is selected (in the case of a payment) by the payee or (in the case of a calculation) by the Agent Bank;

**"Put Option Notice"** means a notice which must be delivered to a Paying Agent by any Noteholder wanting to exercise a right to redeem a Note at the option of the Noteholder;

**"Put Option Receipt"** means a receipt issued by a Paying Agent to a depositing Noteholder upon deposit of a Note with such Paying Agent by any Noteholder wanting to exercise a right to redeem a Note at the option of the Noteholder;

**"Rate of Interest"** means (i) in the case of Notes other than Reset Notes, the rate or rates (expressed as a percentage per annum) of interest payable in respect of the Notes specified in the relevant Final Terms or calculated or determined in accordance with the provisions of these Conditions; and (ii) in the case of Reset Notes, the Initial Rate of Interest, the First Reset Rate of Interest or the Subsequent Reset Rate of Interest, as applicable;

**"Redemption Amount"** means, as appropriate, the Final Redemption Amount, the Early Redemption Amount (Tax), the Optional Redemption Amount (Call), the Optional Redemption Amount (Put), the Optional Redemption Amount (Regulatory Event) or such other amount in the nature of a redemption amount as may be specified in the relevant Final Terms;

**"Reference Banks"** (i) in the case of Notes other than Reset Notes, has the meaning given in the relevant Final Terms or, if none, four major banks selected by the Agent Bank in the market that is most closely connected with the Reference Rate; and (ii) in the case of Reset Notes, has the meaning given in the relevant Final Terms or, if none, four major banks in the swap, money, securities or other market most closely connected with the relevant Mid-Swap Rate as selected by the Issuer on the advice of an investment bank of international repute;

**"Reference Price"** has the meaning given in the relevant Final Terms;

**"Reference Rate"** shall mean (i) LIBOR, (ii) EURIBOR, (iii) BBSW, (iv) SHIBOR, (v) CHIBOR, (vi) CNH HIBOR, (vii) TIBOR, (viii) STIBOR, (ix) SIBOR, (x) HIBOR and (xi) CDOR, in each case for the relevant currency and for the relevant period, as specified in the relevant Final Terms;

**"Regular Period"** means:

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

**"Relevant Date"** means, in relation to any payment, whichever is the later of (a) the date on which the payment in question first becomes due and (b) if the full amount payable has not been received in the Principal Financial Centre of the currency of payment by the Principal Paying Agent or the Trustee on or prior to such due date, the date on which (the full amount having been so received) notice to that effect has been given to the Noteholders;

**"Relevant Financial Centre"** shall mean (i) London, in the case of a determination of LIBOR, (ii) Brussels, in the case of a determination of EURIBOR, (iii) Sydney, in the case of a determination of BBSW, (iv) Shanghai, in the case of a determination of SHIBOR, (v) Shanghai, in the case of a determination of CHIBOR, (vi) Hong Kong, in the case of a determination of CNH HIBOR, (vii) Tokyo, in the case of a determination of TIBOR, (viii) Stockholm, in the case of a determination of STIBOR, (ix) Singapore, in the case of a determination of SIBOR, (x)

Hong Kong, in the case of a determination of HIBOR and (xi) Toronto, in the case of a determination of CDOR, as specified in the relevant Final Terms;

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

"**Relevant Time**" has the meaning given in the relevant Final Terms;

"**Reset Date**" means the First Reset Date, the Second Reset Date and each Subsequent Reset Date (as applicable), in each case as adjusted (if so specified in the relevant Final Terms) in accordance with Condition 5 (*Fixed Rate Note Provisions*) as if the relevant Reset Date was an Interest Payment Date;

"**Reset Determination Date**" means, in respect of the First Reset Period, the second Business Day prior to the First Reset Date, in respect of the first Subsequent Reset Period, the second Business Day prior to the Second Reset Date and, in respect of each Subsequent Reset Period thereafter, the second Business Day prior to the first day of each such Subsequent Reset Period;

"**Reset Note**" means a Note on which interest is calculated at reset rates payable in arrear on a fixed date or dates in each year and/or at intervals of one, two, three, six or 12 months or at such other date or intervals as may be agreed between the relevant Issuer and the relevant dealer(s) (as indicated in the relevant Final Terms);

"**Reset Period**" means the First Reset Period or a Subsequent Reset Period, as the case may be;

"**Second Reset Date**" means the date specified in the relevant Final Terms;

"**SHIBOR**" means the Shanghai inter-bank offered rate;

"**SIBOR**" means the Singapore inter-bank offered rate;

"**Specified Currency**" has the meaning given in the relevant Final Terms;

"**Specified Denomination(s)**" has the meaning given in the relevant Final Terms;

"**Specified Office**" has the meaning given in the Agency Agreement;

"**Specified Period**" has the meaning given in the relevant Final Terms;

"**STIBOR**" means the Stockholm inter-bank offered rate;

"**Subsequent Margin**" means the margin specified as such in the relevant Final Terms;

"**Subsequent Reset Date**" means the date or dates specified in the relevant Final Terms;

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

"**Subsequent Reset Rate of Interest**" means, in respect of any Subsequent Reset Period and subject to Condition 6(c) (*Fallbacks*), the rate of interest determined by the Agent Bank on the relevant Reset Determination Date as the sum of the relevant Mid-Swap Rate and the relevant Subsequent Margin;

"**Subsidiary**" means, in relation to any other company, a company which is for the time being a subsidiary (within the meaning of Section 1159 of the Companies Act 2006 of the United Kingdom) of such other company;

"**Talon**" means a talon for further Coupons;

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

"**TARGET Settlement Day**" means any day on which TARGET2 is open for the settlement of payments in euro;

"**TIBOR**" means the Tokyo inter-bank offered rate;

"**Tier 2 Capital**" means Tier 2 Capital for the purposes of the Capital Regulations;

"**Winding-up Event**" means with respect to the Notes if (i) a court of competent jurisdiction in England (or such other jurisdiction in which the Issuer may be organised) makes an order for its winding-up which is not successfully appealed within 30 days of the making of such order, (ii) the Issuer's shareholders adopt an effective resolution for its winding-up (other than, in the case of either (i) or (ii) above, under or in connection with a scheme of reconstruction, merger or amalgamation not involving a bankruptcy or insolvency) or (iii) following the appointment of an administrator of the Issuer, the administrator gives notice that it intends to declare and distribute a dividend; and

"**Zero Coupon Note**" means a Note specified as such in the relevant Final Terms.

(b) *Interpretation:* In these Conditions:

- (i) if the Notes are Zero Coupon Notes, references to Coupons and Couponholders are not applicable;
- (ii) if Talons are specified in the relevant Final Terms as being attached to the Notes at the time of issue, references to Coupons shall be deemed to include references to Talons;
- (iii) if Talons are not specified in the relevant Final Terms as being attached to the Notes at the time of issue, references to Talons are not applicable;
- (iv) any reference to principal shall be deemed to include the Redemption Amount, any additional amounts in respect of principal which may be payable under Condition 13 (*Taxation*), any premium payable in respect of a Note and any other amount in the nature of principal payable pursuant to these Conditions;
- (v) any reference to interest shall be deemed to include any additional amounts in respect of interest which may be payable under Condition 13 (*Taxation*) and any other amount in the nature of interest payable pursuant to these Conditions;
- (vi) references to Notes being "outstanding" shall be construed in accordance with the Trust Deed;
- (vii) if an expression is stated in Condition 2(a) (*Interpretation - Definitions*) to have the meaning given in the relevant Final Terms, but the relevant Final Terms gives no such meaning or specifies that such expression is "Not Applicable" then such expression is not applicable to the Notes; and
- (viii) any reference to the Trust Deed or the Agency Agreement shall be construed as a reference to the Trust Deed or the Agency Agreement, as the case may be, as amended and/or supplemented up to (and including) the Issue Date of the Notes.

3. **Form, Denomination, Title and Transfer**

- (a) *Bearer Notes:* Bearer Notes are in the Specified Denomination(s) with Coupons and, if specified in the relevant Final Terms, Talons attached at the time of issue. In the case of a Series of Bearer Notes with more than one Specified Denomination, Bearer Notes of one Specified Denomination will not be exchangeable for Bearer Notes of another Specified Denomination.
- (b) *Title to Bearer Notes:* Title to Bearer Notes and the Coupons will pass by delivery. In the case of Bearer Notes, "**Holder**" means the holder of such Bearer Note and "**Noteholder**" and "**Couponholder**" shall be construed accordingly.
- (c) *Registered Notes:* Registered Notes are in the Specified Denomination(s), which may include a minimum denomination specified in the relevant Final Terms and higher integral multiples of a smaller amount specified in the relevant Final Terms.
- (d) *Title to Registered Notes:* The Registrar will maintain the register in accordance with the provisions of the Agency Agreement. A certificate (each, a "**Certificate**") will be issued to each Holder of Registered Notes in respect of its registered holding. Each Certificate will be numbered serially with an identifying number which will be recorded in the Register. In the case of Registered Notes, "**Holder**" means the person in whose name such Registered Note is for the time being registered in the Register (or, in the case of a joint holding, the first named thereof) and "**Noteholder**" shall be construed accordingly.
- (e) *Ownership:* The Holder of any Note or Coupon shall (except as otherwise required by law) be treated as its absolute owner for all purposes (whether or not it is overdue and regardless of any notice of ownership, trust or any other interest therein, any writing thereon or, in the case of Registered Notes, on the 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.
- (f) *Transfers of Registered Notes:* Subject to Conditions 3(i) (*Closed periods*) and 3(j) (*Regulations concerning transfers and registration*) below, a Registered Note may be transferred upon surrender of the relevant 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; provided, however, that a Registered Note may not be transferred unless the principal amount of Registered Notes transferred and (where not all of the Registered Notes held by a Holder are being transferred) the principal amount of the balance of Registered Notes not transferred are Specified Denominations. Where not all the Registered Notes represented by the surrendered Certificate are the subject of the transfer, a new Certificate in respect of the balance of the Registered Notes will be issued to the transferor.
- (g) *Registration and delivery of Certificates:* Within five business days of the surrender of a Certificate in accordance with Condition 3(f) (*Transfers of Registered Notes*) above, the Registrar will register the transfer in question and deliver a new Certificate of a like principal amount to the Registered Notes 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 Condition 3(g) (*Registration and delivery of Certificates*), "**business day**" means a day (other than a Saturday, Sunday or public holiday) 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.
- (h) *No charge:* The transfer of a Registered Note 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.

- (i) *Closed periods:* Noteholders may not require transfers to be registered during the period of 15 days ending on the due date for any payment of principal or interest in respect of the Registered Notes or once the Notes have been put or called in accordance with Condition 9 (*Redemption and Purchase*).
- (j) *Regulations concerning transfers and registration:* All transfers of Registered Notes and entries on the Register are subject to the detailed regulations concerning the transfer of Registered Notes scheduled to the Agency 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 Noteholder who requests in writing a copy of such regulations.
- (k) *No exchange:* Registered Notes may not be exchanged for Bearer Notes and Bearer Notes may not be exchanged for Registered Notes.

#### 4. **Status**

The Notes are either senior Notes ("**Senior Notes**") or tier 2 capital Notes ("**Tier 2 Capital Notes**"), as specified in the relevant Final Terms.

(a) *Senior Notes*

The Senior Notes (and the Coupons relating thereto, if any) constitute direct, general and unconditional, unsecured and unsubordinated obligations of the Issuer which will at all times rank *pari passu* among themselves and at least *pari passu* with all other present and future unsecured and unsubordinated obligations of the Issuer, save for such obligations as may be preferred by provisions of law that are both mandatory and of general application.

(b) *Tier 2 Capital Notes*

The Tier 2 Capital Notes (and the Coupons relating thereto, if any) constitute direct, unsecured and subordinated obligations of the Issuer ranking *pari passu* without any preference among themselves. In the event of the winding up or administration of the Issuer, the claims of the Trustee (on behalf of the Noteholders but not the rights and claims of the Trustee in its personal capacity under the Trust Deed), the Holders of Tier 2 Capital Notes and any related Coupons against the Issuer in respect of such Notes and Coupons (including any damages or other payments awarded for breach of any obligations (if payable)) shall (i) be subordinated in the manner provided in the Trust Deed to the claims of all Senior Creditors; (ii) rank at least *pari passu* with the claims of all other subordinated creditors of the Issuer which in each case by law rank, or by their terms are expressed to rank, *pari passu* with the Tier 2 Capital Notes; and (iii) rank senior to the Issuer's ordinary shares, preference shares and any junior subordinated obligations or other securities of the Issuer which by law rank, or by their terms are expressed to rank, junior to the Tier 2 Capital Notes.

Nothing in this Condition 4 (*Status*) shall affect or prejudice the payment of the costs, charges, expenses, liabilities or remuneration of the Trustee or the rights and remedies of the Trustee in respect thereof.

For the purposes of this Condition 4(b) (*Tier 2 Capital Notes*), "**Senior Creditors**" means creditors of the Issuer (i) who are depositors and/or other unsubordinated creditors of such Issuer; or (ii) who are subordinated creditors of such Issuer (whether in the event of winding-up or administration of such Issuer or otherwise) other than those whose claims by law rank, or by their terms are expressed to rank, *pari passu* with or junior to the claims of the Holders of Tier 2 Capital Notes and relevant Couponholders.

(c) *No set-off*

Subject to applicable law and unless the Tier 2 Capital Notes provide otherwise, claims in respect of any Tier 2 Capital Notes or related Coupons may not be set off, or be the subject of a counterclaim, by the Holder against or in respect of any of its obligations to the Issuer, the Trustee or any other person and every Holder waives, and shall be treated



for all purposes as if it had waived, any right that it might otherwise have to set-off, or to raise by way of counterclaim any of its claims in respect of any Tier 2 Capital Notes or related Coupons, against or in respect of any of its obligations to the Issuer, the Trustee or any other person. If, notwithstanding the preceding sentence, any Holder receives or recovers any sum or the benefit of any sum in respect of any Tier 2 Capital Note or related Coupon by virtue of any such set-off or counterclaim, it shall hold the same on trust for the Issuer and shall pay the amount thereof to the Issuer or, in the event of the winding up of the Issuer, to the liquidator of the Issuer.

**5. Fixed Rate Note Provisions**

- (a) *Application:* This Condition 5 (*Fixed Rate Note Provisions*) is applicable to the Notes only if the Fixed Rate Note Provisions are specified in the relevant Final Terms as being applicable.
- (b) *Accrual of interest:* The Notes bear interest from (and including) the Interest Commencement Date at the Rate of Interest payable in arrear on each Interest Payment Date, subject as provided in Condition 10 (*Payments - Bearer Notes*) and Condition 11 (*Payments - Registered Notes*). Each Note will cease to bear interest from (and including) the due date for final redemption unless, upon due presentation, payment of the Redemption Amount is improperly withheld or refused, in which case it will continue to bear interest in accordance with this Condition 5 (*Fixed Rate Note Provisions*) (as well after as before judgment) until (and including) whichever is the earlier of (i) the day on which all sums due in respect of such Note up to that day are received by or on behalf of the relevant Noteholder and (ii) the day on which notice is given to the holder of such Note that sufficient funds for payment of such sums have been received by the Principal Paying Agent or the Trustee.
- (c) *Fixed Coupon Amount:* The amount of interest payable in respect of each Note for any Interest Period shall be the relevant Fixed Coupon Amount and, if the Notes are in more than one Specified Denomination, shall be the relevant Fixed Coupon Amount in respect of the relevant Specified Denomination.
- (d) *Calculation of interest amount:* The amount of interest payable in respect of each Note for any period for which a Fixed Coupon Amount is not specified shall be calculated by applying the Rate of Interest to the Calculation Amount, multiplying the product by the relevant Day Count Fraction, rounding the resulting figure to the nearest sub-unit of the Specified Currency (half a sub-unit being rounded upwards) and multiplying such rounded figure by a fraction equal to the Specified Denomination of such Note divided by the Calculation Amount. For this purpose a "**sub-unit**" means, in the case of any currency other than euro, the lowest amount of such currency that is available as legal tender in the country of such currency and, in the case of euro, means one cent.

In the case of Renminbi or Hong Kong dollar-denominated Notes, if Interest Payment Date adjustment is specified as applying in the relevant Final Terms:

- i. each Fixed Coupon Amount shall be calculated by multiplying the product of the Rate of Interest and the Calculation Amount by the Day Count Fraction and rounding the resultant figure to the nearest CNY0.01 or HK\$ 0.01 (as the case may be), CNY0.005 or HK\$ 0.005 (as the case may be) being rounded upwards; and
- ii. where (x) there is not numerically corresponding day in the calendar month in which an Interest Payment Date should occur or (y) any Interest Payment Date would otherwise fall on a day which is not a Business Day, then such Interest Payment Date shall be adjusted in accordance with the Modified Following Business Day Convention.

**6. Reset Note Provisions**

- (a) *Application:* This Condition 6 (*Reset Note Provisions*) is applicable to the Notes only if the Reset Note Provisions are specified in the relevant Final Terms as being applicable.
- (b) *Accrual of interest:* The Notes bear interest:

- (i) from (and including) the Interest Commencement Date specified in the relevant Final Terms until (but excluding) the First Reset Date at the rate per annum equal to the Initial Rate of Interest;
- (ii) from (and including) the First Reset Date until (but excluding) the Second Reset Date or, if no such Second Reset Date is specified in the relevant Final Terms, the Maturity Date at the rate per annum equal to the First Reset Rate of Interest; and
- (iii) for each Subsequent Reset Period thereafter (if any), at the rate per annum equal to the relevant Subsequent Reset Rate of Interest,

payable, in each case, in arrear on the date(s) so specified in the relevant Final Terms on which interest is payable in each year (each an “**Interest Payment Date**”) (subject to adjustment as described in Condition 5 (*Fixed Rate Note Provisions*) and on the Maturity Date if that does not fall on an Interest Payment Date. The Rate of Interest and the amount of interest (the “**Interest Amount**”) payable shall be determined by the Agent Bank, (A) in the case of the Rate of Interest, at or as soon as practicable after each time at which the Rate of Interest is to be determined, and (B) in the case of the Interest Amount in accordance with the provisions for calculating amounts of interest in Condition 5 (*Fixed Rate Note Provisions*) and, for such purposes, references in Condition 5 (*Fixed Rate Note Provisions*) to “Fixed Rate Notes” shall be deemed to be to “Reset Notes” and Condition 5 (*Fixed Rate Note Provisions*) shall be construed accordingly.

(c) *Fallbacks:*

If on any Reset Determination Date the Relevant Screen Page is not available or the Mid-Swap Rate does not appear on the Relevant Screen Page, the Agent Bank shall request each of the Reference Banks (as defined above) to provide the Agent Bank with its Mid-Market Swap Rate Quotation as at approximately 11.00 a.m. in the Principal Financial Centre of the Specified Currency on the Reset Determination Date in question.

If two or more of the Reference Banks provide the Agent Bank with Mid-Market Swap Rate Quotations, the First Reset Rate of Interest or the Subsequent Reset Rate of Interest (as applicable) for the relevant Reset Period shall be the sum of the arithmetic mean (rounded, if necessary, to the nearest 0.001 per cent. (0.0005 per cent. being rounded upwards)) of the relevant Mid-Market Swap Rate Quotations and the First Margin or Subsequent Margin (as applicable), all as determined by the Agent Bank.

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

- (d) *Publication:* The Agent Bank will cause each Rate of Interest and Interest Amount determined by it, together with the relevant Interest Payment Date, and any other amount(s) required to be determined by it together with any relevant payment date(s) to be notified to the Issuer, the Paying Agents, the Trustee and the competent authority and/or stock exchange by which the Notes have then been admitted to listing and/or trading as soon as possible after such determination but (in the case of each Rate of Interest, Interest Amount and Interest Payment Date) in any event not later than the first day of the relevant Interest Period. Notice thereof shall also be given to the Noteholders in accordance with Condition 20 (*Notices*) as soon as possible after the determination or calculation thereof. The Agent Bank will be entitled to recalculate any Interest Amount (on the basis of the foregoing provisions) without notice in the event of an extension or shortening of the relevant Interest Period. If the Calculation Amount is less than the minimum Specified Denomination the Agent Bank shall not be obliged to publish each Interest Amount but instead may publish only the Calculation Amount and the Interest Amount in respect of a Note having the minimum Specified Denomination.

- (e) *Notifications etc:* All notifications, opinions, communications, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of this

Condition 6 (*Reset Note Provisions*) by the Agent Bank will (in the absence of manifest error) be final and binding on the Issuer, the Trustee, the Paying Agents, the Noteholders and the Couponholders. No Noteholder or Couponholder shall be entitled to proceed against the Agent Bank, the Trustee, the Paying Agents or any of them in connection with the exercise or non-exercise by them of their powers, duties and discretions hereunder, including without limitation in respect of any notification, opinion, determination, certificate, calculation, quotation or decision given, expressed or made for the purposes of this Condition 6 (*Reset Note Provisions*).

- (f) *Determination or calculation by the Trustee:* If the Agent Bank does not at any time for any reason determine the Rate of Interest or calculate the Interest Amount or any other item required to be determined or calculated by it under the relevant Final Terms, the Trustee, or an agent on its behalf, shall do so and such determination or calculation shall be deemed to have been made by the Agent Bank. In doing so, the Trustee or its agent shall apply the foregoing provisions of this Condition 6 (*Reset Note Provisions*) and, where applicable, the relevant Final Terms, with any necessary consequential amendments, to the extent that, in its opinion, it can do so, and in all other respects it shall do so in such manner as it shall deem fair and reasonable in all the circumstances (subject always to Condition 6 (*Reset Note Provisions*)).

## 7. **Floating Rate Note Provisions**

- (a) *Application:* This Condition 7 (*Floating Rate Note Provisions*) is applicable to the Notes only if the Floating Rate Note Provisions are specified in the relevant Final Terms as being applicable.
- (b) *Accrual of interest:* The Notes bear interest from (and including), the Interest Commencement Date at the Rate of Interest payable in arrear on each Interest Payment Date, subject as provided in Condition 10 (*Payments - Bearer Notes*) and Condition 11 (*Payments - Registered Notes*). Each Note will cease to bear interest from (and including) the due date for final redemption unless, upon due presentation, payment of the Redemption Amount is improperly withheld or refused, in which case it will continue to bear interest in accordance with this Condition 7(b) (*Accrual of interest*) (as well after as before judgment) until (and including) whichever is the earlier of (i) the day on which all sums due in respect of such Note up to that day are received by or on behalf of the relevant Noteholder and (ii) the day on which notice is given to the holder of such Note that sufficient funds for payment of such sums have been received by the Principal Paying Agent or the Trustee.
- (c) *Screen Rate Determination:* If Screen Rate Determination is specified in the relevant Final Terms as the manner in which the Rate(s) of Interest is/are to be determined, the Rate of Interest applicable to the Notes for each Interest Period will be determined by the Agent Bank on the following basis:
- (i) if the Reference Rate is a composite quotation or customarily supplied by one entity, the Agent Bank will determine the Reference Rate which appears on the Relevant Screen Page as of the Relevant Time on the relevant Interest Determination Date;
  - (ii) in any other case, the Agent Bank will determine the arithmetic mean of the Reference Rates which appear on the Relevant Screen Page as of the Relevant Time on the relevant Interest Determination Date;
  - (iii) if, in the case of (i) above, such rate does not appear on that page or, in the case of (ii) above, fewer than two such rates appear on that page or if, in either case, the Relevant Screen Page is unavailable, the Agent Bank will:
    - (A) request the principal Relevant Financial Centre office of each of the Reference Banks to provide a quotation of the Reference Rate at approximately the Relevant Time on the Interest Determination Date to four prime banks in the Relevant Financial Centre interbank market in an amount that is representative for a single transaction in that market at that time; and
    - (B) determine the arithmetic mean of such quotations; and
  - (iv) if fewer than two such quotations are provided as requested, the Agent Bank will determine the arithmetic mean of the rates (being the nearest to the Reference Rate, as

determined by the Agent Bank) quoted by four major banks in the Principal Financial Centre of the Specified Currency, selected by the Agent Bank, at approximately 11.00 a.m. (local time in the Principal Financial Centre of the Specified Currency) on the first day of the relevant Interest Period for loans in the Specified Currency to leading European banks for a period equal to the relevant Interest Period and in an amount that is representative for a single transaction in that market at that time,

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

- (d) *ISDA Determination:* If ISDA Determination is specified in the relevant Final Terms as the manner in which the Rate(s) of Interest is/are to be determined, the Rate of Interest applicable to the Notes for each Interest Period will be the sum of the Margin and the relevant ISDA Rate where "**ISDA Rate**" in relation to any Interest Period means a rate equal to the Floating Rate that would be determined by the Agent Bank under an interest rate swap transaction if the Agent Bank were acting as Agent Bank for that interest rate swap transaction under the terms of an agreement incorporating the ISDA Definitions and under which:
- (i) the Floating Rate Option is as specified in the relevant Final Terms;
  - (ii) the Designated Maturity is a period specified in the relevant Final Terms; and
  - (iii) the relevant Reset Date is either (A) if the relevant Floating Rate Option is based on the London inter-bank offered rate (LIBOR) for a currency, the first day of that Interest Period or (B) in any other case, as specified in the relevant Final Terms.

The expressions "**Floating Rate**", "**Agent Bank**", "**Floating Rate Option**", "**Designated Maturity**" and "**Reset Date**" in this Condition 7(d) (*ISDA Determination*) have the respective meanings given to them in the ISDA Definitions.

- (e) *Maximum or Minimum Rate of Interest:* If any Maximum Rate of Interest or Minimum Rate of Interest is specified in the relevant Final Terms, then the Rate of Interest shall in no event be greater than the maximum or be less than the minimum so specified.
- (f) *Calculation of Interest Amount:* The Agent Bank will, as soon as practicable after the time at which the Rate of Interest is to be determined in relation to each Interest Period, calculate the Interest Amount payable in respect of each Note for such Interest Period. The Interest Amount will be calculated by applying the Rate of Interest for such Interest Period to the Calculation Amount, multiplying the product by the relevant Day Count Fraction, rounding the resulting figure to the nearest sub-unit of the Specified Currency (half a sub-unit being rounded upwards) and multiplying such rounded figure by a fraction equal to the Specified Denomination of the relevant Note divided by the Calculation Amount. For this purpose a "**sub-unit**" means, in the case of any currency other than euro, the lowest amount of such currency that is available as legal tender in the country of such currency and, in the case of euro, means one cent.
- (g) *Calculation of other amounts:* If the relevant Final Terms specifies that any other amount is to be calculated by the Agent Bank, the Agent Bank will, as soon as practicable after the time or times at which any such amount is to be determined, calculate the relevant amount. The relevant amount will be calculated by the Agent Bank in the manner specified in the relevant Final Terms.
- (h) *Publication:* The Agent Bank will cause each Rate of Interest and Interest Amount determined by it, together with the relevant Interest Payment Date, and any other amount(s) required to be determined by it together with any relevant payment date(s) to be notified to the Issuer, the Paying Agents, the Trustee and the competent authority and/or stock exchange by which the Notes have then been admitted to listing and/or trading as soon as possible after such determination but (in the case of each Rate of Interest, Interest Amount and Interest Payment Date) in any event not later than the first day of the relevant Interest Period. Notice thereof shall

also be given to the Noteholders in accordance with Condition 20 (*Notices*) as soon as possible after the determination or calculation thereof. The Agent Bank will be entitled to recalculate any Interest Amount (on the basis of the foregoing provisions) without notice in the event of an extension or shortening of the relevant Interest Period. If the Calculation Amount is less than the minimum Specified Denomination the Agent Bank shall not be obliged to publish each Interest Amount but instead may publish only the Calculation Amount and the Interest Amount in respect of a Note having the minimum Specified Denomination.

- (i) *Notifications etc:* All notifications, opinions, communications, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of this Condition 7 (*Floating Rate Note Provisions*) by the Agent Bank will (in the absence of manifest error) be final and binding on the Issuer, the Trustee, the Paying Agents, the Noteholders and the Couponholders. No Noteholder or Couponholder shall be entitled to proceed against the Agent Bank, the Trustee, the Paying Agents or any of them in connection with the exercise or non-exercise by them of their powers, duties and discretions hereunder, including without limitation in respect of any notification, opinion, determination, certificate, calculation, quotation or decision given, expressed or made for the purposes of this Condition 7 (*Floating Rate Note Provisions*).
- (j) *Determination or calculation by the Trustee:* If the Agent Bank does not at any time for any reason determine the Rate of Interest or calculate the Interest Amount or any other item required to be determined or calculated by it under the relevant Final Terms, the Trustee, or an agent on its behalf, shall do so and such determination or calculation shall be deemed to have been made by the Agent Bank. In doing so, the Trustee or its agent shall apply the foregoing provisions of this Condition 7 (*Floating Rate Note Provisions*) and, where applicable, the relevant Final Terms, with any necessary consequential amendments, to the extent that, in its opinion, it can do so, and in all other respects it shall do so in such manner as it shall deem fair and reasonable in all the circumstances (subject always to Condition 7 (*Floating Rate Note Provisions*)).

#### 8. **Zero Coupon Note Provisions**

- (a) *Application:* This Condition 8 (*Zero Coupon Note Provisions*) is applicable to the Notes only if the Zero Coupon Note Provisions are specified in the relevant Final Terms as being applicable.
- (b) *Late payment on Zero Coupon Notes:* If the Redemption Amount payable in respect of any Zero Coupon Note is improperly withheld or refused, the Redemption Amount shall thereafter be an amount equal to the sum of:
  - (i) the Reference Price; and
  - (ii) the product of the Accrual Yield (compounded annually) being applied to the Reference Price on the basis of the relevant Day Count Fraction from (and including) the Issue Date to (but excluding) whichever is the earlier of (i) the day on which all sums due in respect of such Note up to that day are received by or on behalf of the relevant Noteholder and (ii) the day on which notice is given to the holder of such Note that sufficient funds for payment of such sums have been received by the Principal Paying Agent or the Trustee).

#### 9. **Redemption and Purchase**

- (a) *Scheduled redemption:* Unless previously redeemed, or purchased and cancelled, the Notes will be redeemed at their Final Redemption Amount on the Maturity Date, subject as provided in Condition 10 (*Payments - Bearer Notes*) and Condition 11 (*Payments - Registered Notes*).
- (b) *Redemption for tax reasons:* Subject to Condition 9(k) (*Restriction on Early Redemption of Tier 2 Capital Notes*) below, the Notes may be redeemed at the option of the Issuer in whole, but not in part (x) at any time (if the Floating Rate Note Provisions are specified in the relevant Final Terms as being not applicable); or (y) on any Interest Payment Date (if the Floating Rate Note Provisions are specified in the relevant Final Terms as being applicable), at their Early Redemption Amount (Tax), together with any accrued but unpaid interest to the date fixed for redemption, provided that:

- (i) the Issuer provides not less than 30 days' nor more than 60 days' prior notice to the Trustee and the Holders of the Notes (such notice being irrevocable) specifying the date fixed for such redemption; and
- (ii) if, immediately before giving such notice, the Issuer satisfies the Trustee that:
  - (A) the Issuer has or will become obliged to pay additional amounts as provided or referred to in Condition 13 (*Taxation*); or
  - (B) in the case of Tier 2 Capital Notes only, interest payments under or with respect to the Notes are no longer fully deductible for UK corporation tax purposes; or
  - (C) in the case of Tier 2 Capital Notes only, the Issuer would not, as a result of the Notes being in issue, be able to have losses or deductions set against the profits or gains, or profits or gains offset by the losses or deductions, of companies with which the Issuer is or would otherwise be so grouped for applicable United Kingdom tax purposes (whether under the group relief system current as at the date of issue of the Notes or any similar system or systems having like effect as may from time to time exist);

(each such change in tax law or regulation or the official application or interpretation thereof, a "**Tax Event**"); and

in the case of each of (A), (B) and (C), such consequences cannot be avoided by the Issuer taking reasonable measures available to it,

provided, further, that no such notice of redemption shall be given earlier than (1) where the Notes may be redeemed at any time, 90 days prior to the earliest date on which the Issuer would be obliged to pay such additional amounts or is unable to make such deduction if a payment in respect of the Notes were then due; or (2) where the Notes may be redeemed only on an Interest Payment Date, 60 days prior to the Interest Payment Date occurring immediately before the earliest date on which the Issuer would be obliged to pay such additional amounts or is unable to make such deduction if a payment in respect of the Notes were then due.

It shall be sufficient to establish the circumstances required to be established under this Condition 9(b) (*Redemption for tax reasons*) if the Issuer shall deliver to the Trustee a certificate signed by two Authorised Signatories (as defined in the Trust Deed) following receipt of an opinion of a firm of independent legal advisers or accountants to the effect either that such a circumstance does exist or that, upon a change in or amendment to the laws or regulations of the United Kingdom or other relevant jurisdiction (including any authority or political subdivision therein or thereof having power to tax), including any treaty to which the relevant jurisdiction is a party, or a change in the official application or interpretation of those laws or regulations, which at the date of such certificate is proposed to be made and in the opinion of such firm and the Issuer (based on such opinion) is reasonably expected to become effective on or prior to the date when the relevant payment in respect of such Notes would otherwise be made, becoming so effective, such circumstances would exist.

The Trustee shall be entitled to accept such certificate as sufficient evidence of the satisfaction of the circumstances set out above and without further enquiry or liability for so doing, in which event it shall be conclusive and binding on the Noteholders.

Upon the expiry of any such notice as is referred to in this Condition 9(b) (*Redemption for tax reasons*), the Issuer shall be bound to redeem the Notes in accordance with this Condition 9(b) (*Redemption for tax reasons*).

- (c) *Redemption at the option of the Issuer*: Subject to Condition 9(k) (*Restriction on Early Redemption of Tier 2 Capital Notes*) below, if the Call Option is specified in the relevant Final Terms as being applicable, the Notes may be redeemed at the option of the Issuer in whole or, if so specified in the relevant Final Terms, in part on any Optional Redemption Date (Call) at the relevant Optional Redemption Amount (Call) on the Issuer's giving not less than 30 nor more than 60 days' notice to the Noteholders (which notice shall be irrevocable and shall oblige the Issuer to redeem the Notes or, as the case may be, the Notes specified in such notice on the

relevant Optional Redemption Date (Call) at the Optional Redemption Amount (Call), together with any accrued but unpaid interest to such date).

- (d) *Partial redemption:* If the Notes are to be redeemed in part only on any date in accordance with Condition 9(c) (*Redemption at the option of the Issuer*), in the case of Bearer Notes, the Notes to be redeemed shall be selected by the drawing of lots in such place and in such manner as is fair and reasonable in the circumstances taking account of prevailing market practices, subject to compliance with applicable law, the rules of the competent authority and/or stock exchange by which the Notes have then been admitted to listing and/or trading and the notice to Noteholders referred to in Condition 9(c) (*Redemption at the option of the Issuer*) shall specify the serial numbers of the Notes so to be redeemed, and, in the case of Registered Notes, each Note shall be redeemed in part in the proportion which the aggregate principal amount of the outstanding Notes to be redeemed on the relevant Optional Redemption Date (Call) bears to the aggregate principal amount of outstanding Notes on such date. If any Maximum Redemption Amount or Minimum Redemption Amount is specified in the relevant Final Terms, then the Optional Redemption Amount (Call) shall in no event be greater than the maximum or be less than the minimum so specified.
- (e) *Redemption at the option of Noteholders:* If the Put Option is specified in the relevant Final Terms as being applicable, the Issuer shall, at the option of the Holder of any Note redeem such Note on the Optional Redemption Date (Put) specified in the relevant Put Option Notice (which notice shall be irrevocable) at the relevant Optional Redemption Amount (Put) together with any accrued but unpaid interest to such date. No Series of Tier 2 Capital Notes shall contain a Put Option. In order to exercise the option contained in this Condition 9(e) (*Redemption at the option of Noteholders*), the Holder of a Note must, not less than 30 nor more than 60 days before the relevant Optional Redemption Date (Put), deposit with any Paying Agent (in the case of Bearer Notes) or the Registrar (in the case of Registered Notes) such Note together with any unmatured Coupons relating thereto and a duly completed Put Option Notice in the form obtainable from any Paying Agent. The Paying Agent with which a Note is so deposited shall deliver a duly completed Put Option Receipt to the depositing Noteholder. No Note, once deposited with a duly completed Put Option Notice in accordance with this Condition 9(e) (*Redemption at the option of Noteholders*), may be withdrawn; provided, however, that if, prior to the relevant Optional Redemption Date (Put), any such Note becomes immediately due and payable or, upon due presentation of any such Note on the relevant Optional Redemption Date (Put), payment of the redemption moneys is improperly withheld or refused, the relevant Paying Agent shall mail notification thereof to the depositing Noteholder at such address as may have been given by such Noteholder in the relevant Put Option Notice and shall hold such Note at its Specified Office for collection by the depositing Noteholder against surrender of the relevant Put Option Receipt. For so long as any outstanding Note is held by a Paying Agent in accordance with this Condition 9(e) (*Redemption at the option of Noteholders*), the depositor of such Note and not such Paying Agent shall be deemed to be the Holder of such Note for all purposes. The Holder of a Note may not exercise such option in respect of any Note which is the subject of an exercise by the Issuer of its option to redeem such Note under Condition 9(b) (*Redemption for tax reasons*), (c) (*Redemption at the option of the Issuer*) or (d) (*Partial Redemption*) and any exercise of the first-mentioned option in such circumstances shall have no effect.
- (f) *Regulatory Event Redemption of Tier 2 Capital Notes:* Subject to Condition 9(k) (*Restriction on Early Redemption of Tier 2 Capital Notes*) below, if there is a change in the regulatory classification of the Tier 2 Capital Notes that occurs on or after the issue date of the first Tranche of the Tier 2 Capital Notes and that does, or would be likely to, result in any of the outstanding aggregate principal amount of the Tier 2 Capital Notes ceasing to be included in, or counting towards, the Tier 2 Capital of the Group (a "**Regulatory Event**"), the Issuer may, at its option, redeem the Tier 2 Capital Notes, in whole but not in part, at the relevant Optional Redemption Amount (Regulatory Event), together with any accrued but unpaid interest to the date fixed for redemption, provided that the Issuer provides not less than 30 days' nor more than 60 days' prior notice to the Trustee, the Principal Paying Agent and the Holders of the Tier 2 Capital Notes (such notice being irrevocable) specifying the date fixed for such redemption.

Upon the expiry of such notice period, the Issuer shall be bound to redeem the Tier 2 Capital Notes accordingly.

- (g) *Early redemption of Zero Coupon Notes:* Unless otherwise specified in the relevant Final Terms, the Redemption Amount payable on redemption of a Zero Coupon Note at any time before the Maturity Date shall be an amount equal to the sum of:
- (i) the Reference Price; and
  - (ii) the product of the Accrual Yield (compounded annually) being applied to the Reference Price from (and including) the Issue Date to (but excluding) the date fixed for redemption or (as the case may be) the date upon which the Note becomes due and payable.

Where such calculation is to be made for a period which is not a whole number of years, the calculation in respect of the period of less than a full year shall be made on the basis of such Day Count Fraction as may be specified in the relevant Final Terms for the purposes of this Condition 9(g) (*Early redemption of Zero Coupon Notes*) or, if none is so specified, a Day Count Fraction of 30E/360.

- (h) *No other redemption:* The Issuer shall not be entitled to redeem the Notes otherwise than as provided in Condition 9(a) (*Scheduled redemption*) to 9(g) (*Early redemption of Zero Coupon Notes*) above.
- (i) *Purchase:* The Issuer or any of its Subsidiaries may at any time purchase or otherwise acquire any of the outstanding Notes at any price in the open market or otherwise in accordance with the Capital Regulations applicable to the Group in force at the relevant time, and subject to the prior consent of the PRA (if such consent is required by the Capital Regulations) and to applicable law and regulation, and provided that all unmatured Coupons are purchased therewith.
- (j) *Cancellation:* All Notes so redeemed shall, and all Notes so purchased may, be cancelled (together with any unmatured Coupons attached thereto or surrendered therewith) and may not be reissued or resold.
- (k) *Restriction on Early Redemption of Tier 2 Capital Notes:* Notwithstanding any other provision in this Condition 9 (*Redemption and Purchase*), the Issuer may redeem the Tier 2 Capital Notes (and give notice thereof to the Holders) only if it has obtained the PRA's prior consent if such consent is required by the Capital Regulations for the redemption of the relevant Tier 2 Capital Notes.

*The rules under CRD IV provide that the competent authority (the PRA in this case), shall grant permission to a redemption or repurchase of the Tier 2 Capital Notes provided that either of the following conditions is met, as applicable to the relevant Tier 2 Capital Notes:*

- (i) *on or before the redemption or repurchase of the Tier 2 Capital Notes, the Issuer replaces the Tier 2 Capital Notes with instruments qualifying as own funds instruments of an equal or higher quality at terms that are sustainable for its income capacity; or*
- (ii) *the Issuer has demonstrated to the satisfaction of the PRA that its own funds would, following such redemption or repurchase, exceed the capital ratios required under CRD IV by a margin that the PRA may consider necessary on the basis set out in CRD IV for it to determine the appropriate level of capital of an institution.*

*In addition, the rules under CRD IV provide that the PRA may only permit the Issuer to redeem the Tier 2 Capital Notes before five years after the date of issuance of the relevant Tier 2 Capital Notes if:*

- (A) *the conditions listed in paragraphs (i) or (ii) above are met; and*
- (B) *in the case of redemption due to the occurrence of a Regulatory Event, (i) the PRA considers such change to be sufficiently certain and (ii) the Issuer has demonstrated to the satisfaction of the PRA that the Regulatory Event was not reasonably foreseeable at the time of issuance of the Tier 2 Capital Notes; or*
- (C) *in the case of redemption due to the occurrence of a Tax Event, there is a change in the applicable tax treatment of the relevant Tier 2 Capital Notes*



which the Issuer demonstrates to the satisfaction of the PRA is material and was not reasonably foreseeable at the time of issuance of such Notes.

The rules under CRD IV may be modified from time to time after the date of this Base Prospectus.

10. **Payments - Bearer Notes**

This Condition 10 (*Payments - Bearer Notes*) is only applicable to Bearer Notes.

(a) *Principal*: Payments of principal shall be made only against presentation and (provided that payment is made in full) surrender of Bearer Notes at the Specified Office of any Paying Agent outside the United States by transfer to an account 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.

(b) *Interest*: Payments of interest shall, subject to Condition 10(h) (*Payments other than in respect of matured Coupons*) below, be made only against presentation and (provided that payment is made in full) surrender of the appropriate Coupons at the Specified Office of any Paying Agent outside the United States in the manner described in Condition 10(a) (*Principal*) above.

*CMU Service*: Payments of principal and interest in respect of Bearer Notes held in the CMU Service will be made to the Relevant Person(s) (as defined below). In this paragraph, "**Relevant Person(s)**" means the person(s) for whose account(s) interests in the relevant Bearer Note are credited as being held with the CMU Service in accordance with the CMU Rules (as defined in the Agency Agreement) one business day prior to the relevant payment date as notified to the CMU Lodging and Paying Agent by the CMU Service in a relevant CMU Instrument Position Report (as defined in the Agency Agreement) or any other relevant notification by the CMU Service, which notification shall be conclusive evidence of the records of the CMU Service (save in the case of manifest or proven error). Payment made in accordance thereof shall discharge the obligations of the Issuer in respect of that payment.

(c) *Payments in New York City*: Payments of principal or interest may be made at the Specified Office of a Paying Agent in New York City if (i) the Issuer has appointed Paying Agents outside the United States with the reasonable expectation that such Paying Agents will be able to make payment of the full amount of the interest on the Notes in the currency in which the payment is due when due; (ii) payment of the full amount of such interest at the offices of all such Paying Agents is illegal or effectively precluded by exchange controls or other similar restrictions; and (iii) payment is permitted by applicable United States law.

(d) *Payments subject to fiscal laws*: Save as provided in Condition 13 (*Taxation*), payments in respect of the Bearer Notes will be subject in all cases to any applicable fiscal or other laws and regulations in the place of payment or other laws and regulations to which the Issuer or its Agents agree to be subject and the Issuer or any of its Paying Agents will not be liable for any taxes or duties of whatever nature imposed or levied by such laws, regulations or agreements, and no commissions or expenses shall be charged to the Noteholders or Couponholders in respect of such payments.

(e) *Deductions for unmatured Coupons*: If the relevant Final Terms specifies that the Fixed Rate Note Provisions are applicable and a Bearer Note is presented without all unmatured Coupons relating thereto:

(i) if the aggregate amount of the missing Coupons is less than or equal to the amount of principal due for payment, a sum equal to the aggregate amount of the missing Coupons will be deducted from the amount of principal due for payment; provided, however, that if the gross amount available for payment is less than the amount of principal due for payment, the sum deducted will be that proportion of the aggregate amount of such missing Coupons which the gross amount actually available for payment bears to the amount of principal due for payment; or

(ii) if the aggregate amount of the missing Coupons is greater than the amount of principal due for payment:

- (A) so many of such missing Coupons shall become void (in inverse order of maturity) as will result in the aggregate amount of the remainder of such missing Coupons (the "**Relevant Coupons**") being equal to the amount of principal due for payment; provided, however, that where this Condition 10(e)(ii)(A) (*Deductions for unmatured Coupons*) would otherwise require a fraction of a missing Coupon to become void, such missing Coupon shall become void in its entirety; and
- (B) a sum equal to the aggregate amount of the Relevant Coupons (or, if less, the amount of principal due for payment) will be deducted from the amount of principal due for payment; provided, however, that, if the gross amount available for payment is less than the amount of principal due for payment, the sum deducted will be that proportion of the aggregate amount of the Relevant Coupons (or, as the case may be, the amount of principal due for payment) which the gross amount actually available for payment bears to the amount of principal due for payment.

Each sum of principal so deducted shall be paid in the manner provided in Condition 10(a) (*Principal*) above against presentation and (provided that payment is made in full) surrender of the relevant missing Coupons.

- (f) *Unmatured Coupons void*: If the relevant Final Terms specifies that this Condition 10(f) (*Unmatured Coupons void*) is applicable, that the Reset Note Provisions are applicable or that the Floating Rate Note Provisions are applicable, on the due date for final redemption of any Note or early redemption in whole of such Note pursuant to Condition 9(b) (*Redemption for tax reasons*), Condition 9(e) (*Redemption at the option of Noteholders*), Condition 9(c) (*Redemption at the option of the Issuer*), Condition 9(f) (*Regulatory Event Redemption of Tier 2 Capital Notes*) or Condition 14 (*Events of Default*), all unmatured Coupons relating thereto (whether or not still attached) shall become void and no payment will be made in respect thereof.
- (g) *Payments on business days*: If the due date for payment of any amount in respect of any Bearer Note or Coupon is not a Payment Business Day in the place of presentation, the Holder shall not be entitled to payment in such place of the amount due until the next succeeding Payment Business Day in such place and shall not be entitled to any further interest or other payment in respect of any such delay.
- (h) *Payments other than in respect of matured Coupons*: Payments of interest other than in respect of matured Coupons shall be made only against presentation of the relevant Bearer Notes at the Specified Office of any Paying Agent outside the United States (or in New York City if permitted by Condition 10(c) (*Payments in New York City*) above).
- (i) *Partial payments*: If a Paying Agent makes a partial payment in respect of any Bearer Note or Coupon presented to it for payment, such Paying Agent will endorse thereon a statement indicating the amount and date of such payment.
- (j) *Exchange of Talons*: On or after the maturity date of the final Coupon which is (or was at the time of issue) part of a Coupon Sheet relating to the Bearer Notes, the Talon forming part of such Coupon Sheet may be exchanged at the Specified Office of the Principal Paying Agent for a further Coupon Sheet (including, if appropriate, a further Talon but excluding any Coupons in respect of which claims have already become void pursuant to Condition 15 (*Prescription*)). Upon the due date for redemption of any Bearer Note, any unexchanged Talon relating to such Note shall become void and no Coupon will be delivered in respect of such Talon.

## 11. **Payments - Registered Notes**

This Condition 11 (*Payments – Registered Notes*) is only applicable to Registered Notes.

- (a) *Principal*: Payments of principal shall be made by transfer to an account 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 and (in the case of redemption) upon surrender (or, in the case of part payment only, endorsement) of the relevant Certificates at the Specified Office of any Paying Agent.

- (b) *Interest:* Payments of interest shall be made by transfer to an account 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 and (in the case of interest payable on redemption) upon surrender (or, in the case of part payment only, endorsement) of the relevant Certificates at the Specified Office of any Paying Agent.

*CMU Service: Payments of principal and interest in respect of Registered Notes held in the CMU Service will be made to the Relevant Person(s) (as defined below). In this paragraph, "Relevant Person(s)" means the person(s) for whose account(s) interests in the relevant Registered Note are credited as being held with the CMU Service in accordance with the CMU Rules (as defined in the Agency Agreement) one business day prior to the relevant payment date as notified to the CMU Lodging and Paying Agent by the CMU Service in a relevant CMU Instrument Position Report (as defined in the Agency Agreement) or any other relevant notification by the CMU Service, which notification shall be conclusive evidence of the records of the CMU Service (save in the case of manifest or proven error). Payment made in accordance thereof shall discharge the obligations of the Issuer in respect of that payment.*

- (c) *Payments subject to fiscal laws:* Save as provided in Condition 13 (*Taxation*), payments in respect of the Registered Notes will be subject in all cases to any applicable fiscal or other laws and regulations in the place of payment or other laws and regulations to which the Issuer or its Agents agree to be subject and the Issuers or any of its agents will not be liable for any taxes or duties of whatever nature imposed or levied by such laws, regulations or agreements, and no commissions or expenses shall be charged to the Noteholders in respect of such payments.
- (d) *Payments on business days:* 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 Payment Business Day, for value the next succeeding Payment Business Day) will be initiated (i) (in the case of payments of principal and interest payable on redemption) on the later of the due date for payment and the day on which the relevant Certificate is surrendered (or, in the case of part payment only, endorsed) at the Specified Office of a Paying Agent; and (ii) (in the case of payments of interest payable other than on redemption) on the due date for payment. A Holder of a Registered Note shall not be entitled to any interest or other payment in respect of any delay in payment resulting from the due date for a payment not being a Payment Business Day.
- (e) *Partial payments:* If a Paying Agent makes a partial payment in respect of any Registered Note, the Issuer shall procure that the amount and date of such payment are noted on the Register and, in the case of partial payment upon presentation of a Certificate, that a statement indicating the amount and the date of such payment is endorsed on the relevant Certificate.
- (f) *Record date:* Each payment in respect of a Registered Note 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 15<sup>th</sup> day before the due date for such payment (the "**Record Date**").

## 12. **Payments – Renminbi Notes**

This Condition 12 (*Payments – Renminbi Notes*) shall apply to all Renminbi Notes in addition to Condition 10 (*Payments – Bearer Notes*) or Condition 11 (*Payments – Registered Notes*), as the case may be.

- (a) *Payments of USD Equivalent:* Notwithstanding the foregoing, if by reason of Inconvertibility, Non-transferability or Illiquidity, the Issuer is not able, or it would be impracticable for it, to satisfy payments of principal or interest (in whole or in part) in respect of the Renminbi Notes when due in Renminbi to an account maintained in Hong Kong, the Issuer may, on giving not less than eight Business Days or more than 30 Business Days' irrevocable notice to the Holders prior to the due date for payment, settle any such payment (in whole or in part) in U.S. dollars on the due date at the USD Equivalent of any such Renminbi denominated amount.

(b) Payments of the USD Equivalent of the relevant Renminbi amount, determined in accordance with this Condition 12 (*Payments – Renminbi Notes*), will be made by credit or transfer to a U.S. dollar account (or any other account to which U.S. dollars may be credited or transferred) specified by the payee or, at the option of the payee, by a U.S. dollar cheque, provided, however, that no payment will be made by transfer to an account in, or by cheque mailed to an address in, the United States.

(c) For the purpose of this Condition 12 (*Payments – Renminbi Notes*):

**"CNHFIX Spot Rate"** means for a Rate Calculation Date, the CNY/USD official fixing rate, expressed as the amount of CNY per one USD, for settlement in two Business Days reported by the Treasury Markets Association which appears on the Reuters Screen Page CNHFIX at approximately 11.15 a.m. (Hong Kong time). In the event that no such quotation appears on the relevant Reuters Screen Page or any successor page or service thereto at the relevant time on the relevant Rate Calculation Date (or, if different, the day on which rates for the Rate Calculation Date would, in the ordinary course, be published or announced by the relevant price source), the Spot Rate will be determined by the Agent Bank in its sole discretion, acting in good faith and in a commercially reasonable manner. Reference to a page on the Reuters Screen means the display page so designated on the Reuter Monitor Money Rates Service (or any successor service) or such other page as may replace that page for the purpose of displaying a comparable currency exchange rate.

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

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

**"Illiquidity"** means the general CNY exchange market in Hong Kong becomes illiquid as a result of which the Issuer cannot obtain sufficient CNY in order to satisfy its obligation to pay interest and principal (in whole or in part) in respect of the Notes as determined by the Issuer in good faith and in a commercially reasonable manner following consultation with two CNY Dealers.

**"Inconvertibility"** means the occurrence of any event that makes it impossible for the Issuer to convert any amount due in respect of the Notes in the general CNY exchange market in Hong Kong, other than where such impossibility is due solely to the failure of the Issuer to comply with any law, rule or regulation enacted by any Governmental Authority (unless such law, rule or regulation is enacted after 26 November 2013 and it is impossible for the Issuer, due to an event beyond its control, to comply with such law, rule or regulation).

**"Non-transferability"** means the occurrence of any event that makes it impossible for the Issuer to deliver CNY between accounts inside Hong Kong or from an account inside Hong Kong to an account outside Hong Kong or from an account outside Hong Kong to an account inside Hong Kong, other than where such impossibility is due solely to the failure of the Issuer to comply with any law, rule or regulation enacted by any Governmental Authority (unless such law, rule or regulation is enacted after 26 November 2013 and it is impossible for the Issuer, due to an event beyond its control, to comply with such law, rule or regulation).

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

**"Rate Calculation Date"** means the day which is three Rate Calculation Business Days before the due date of the relevant amount under these Conditions.

**"Renminbi", "RMB" or "CNY"** means the official currency of the PRC.

**"Spot Rate"**, means the CNHFIX Spot Rate or the TRADCNY3 Spot Rate, as specified in the relevant Final Terms.

"**TRADCNY3 Spot Rate**" means, for a Rate Calculation Date, the spot CNY/USD exchange rate for the purchase of U.S. dollars with Renminbi, for settlement in two Business Days, in the over-the-counter Renminbi exchange market in Hong Kong, as determined by the Agent Bank at or around 11.00 a.m. (Hong Kong time) on a deliverable basis by reference to Reuters Screen Page TRADCNY3, or if no such rate is available, on a non-deliverable basis by reference to Reuters Screen Page TRADNDF. If neither rate is available, the Agent Bank will determine the spot rate at or around 11.00 a.m. (Hong Kong time) on the Rate Calculation Date as the most recently available CNY/USD official fixing rate for settlement on the due date for payment reported by The State Administration of Foreign Exchange of the PRC, which is reported on the Reuters Screen Page CNY=SAEC. Reference to a page on the Reuters Screen means the display page so designated on the Reuter Monitor Money Rates Service (or any successor service) or such other page as may replace that page for the purpose of displaying a comparable currency exchange rate.

"**USD Equivalent**" means the Renminbi amount converted into U.S. dollars using the Spot Rate for the relevant Rate Calculation Date.

All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of this Condition 12 (*Payments – Renminbi Notes*) by the Agent Bank, will (in the absence of fraud, gross negligence or wilful default) be binding on the Issuer, the Trustee, the Agents and all Holders.

### 13. **Taxation**

- (a) *Gross up:* Except as otherwise specified in the relevant Final Terms, all payments of principal and interest in respect of the Notes and the Coupons by or on behalf of the Issuer shall be made free and clear of, and 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 United Kingdom or any political subdivision therein or any authority therein or thereof having power to tax, unless the withholding or deduction of such taxes, duties, assessments, or governmental charges is required by law.

In that event, the Issuer shall pay such additional amounts ("**Additional Amounts**") as will result in receipt by the Noteholders and the Couponholders after such withholding or deduction of such amounts as would have been received by them had no such withholding or deduction been required, except that no such additional amounts shall be payable with respect to any Note or Coupon:

- (i) held by or on behalf of a Holder which is liable to such taxes, duties, assessments or governmental charges in respect of such Note or Coupon by reason of its having some connection with the United Kingdom other than the mere holding of the Note or Coupon;
- (ii) unless it is proved, to the satisfaction of the Principal Paying Agent or the Transfer and Paying Agent to whom the same is presented, that the Holder is unable to avoid such withholding or deduction by satisfying any statutory requirement or by making a declaration of non-residence or other similar claim for exemption to the relevant tax authorities;
- (iii) 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 on the taxation of savings income or any law implementing or complying with, or introduced in order to conform to, this Directive;
- (iv) held by or on behalf of a Holder who would have been able to avoid such withholding or deduction by presenting the relevant Note or Coupon to another Paying Agent in a Member State of the EU; or
- (v) where the relevant Note or Coupon or Certificate is presented or surrendered for payment more than 30 days after the Relevant Date except to the extent that the Holder of such Note or Coupon would have been entitled to such additional amounts on presenting or surrendering such Note or Coupon or Certificate for payment on the last day of such period of 30 days.

- (b) Any reference in these Conditions to principal in respect of the Notes of any Series shall be deemed to include, as applicable:
  - (i) any additional amounts which may be payable with respect to principal under this Condition 13 (*Taxation*) or pursuant to any undertakings given in addition thereto or in substitution therefor pursuant to the Trust Deed;
  - (ii) the redemption amount payable on such Notes on their Maturity Date;
  - (iii) the redemption amount payable on redemption of such Notes prior to such Maturity Date; and
  - (iv) any premium and any other amounts which may be payable under or in respect of such Notes.
- (c) Any reference in these Conditions to interest in respect of the Notes of any Series shall be deemed to include, as applicable, any additional amounts which may be payable with respect to interest under this Condition 13 (*Taxation*) or pursuant to any undertakings given in addition thereto or in substitution therefor pursuant to the Trust Deed.
- (d) For the avoidance of doubt, any amounts to be paid by the Issuer on the Notes will be paid net of any deduction or withholding imposed or required pursuant to Sections 1471 through 1474 of the U.S. Internal Revenue Code of 1986, as amended (the “**Code**”), any current or future regulations or official interpretations thereof, any agreement entered into pursuant to Section 1471(b) of the Code, or any fiscal or regulatory legislation, rules or practices adopted pursuant to any intergovernmental agreement entered into in connection with the implementation of such Sections of the Code (or any law implementing such an intergovernmental agreement) (a “**FATCA Withholding Tax**”), and the Issuer will not be required to pay Additional Amounts on account of any FATCA Withholding Tax.

14. **Events of Default**

- (a) *Senior Notes*: The provisions of this Condition 14(a) (*Senior Notes*) shall have effect in relation to any Series of Senior Notes.

If any of the following events occurs and is continuing, then the Trustee at its discretion may and, if so requested in writing by Holders of at least one quarter of the aggregate principal amount of the outstanding Notes or if so directed by an Extraordinary Resolution, shall (subject, in all cases, to the Trustee having been indemnified and/or secured and/or pre-funded to its satisfaction) give written notice to the Issuer declaring the Notes to be immediately due and payable, whereupon they shall become immediately due and payable at their Early Termination Amount together with any accrued but unpaid interest without further action or formality:

- (i) *Non-payment*: any principal or interest on such Notes has not been paid within 14 days from the due date for payment and such sum has not been duly paid within a further 14 days following written notice from the Trustee to the Issuer requiring the non-payment to be made good. The Issuer shall not, however, be in default if during the 14 days after the Trustee’s notice it satisfies the Trustee that such sums were not paid in order to comply with a mandatory law, regulation or order of any court of competent jurisdiction. Where there is doubt as to the validity or applicability of any such law, regulation or order, the Issuer will not be in default if it acts on the advice given to it during such 14 day period by independent legal advisers approved by the Trustee; or
- (ii) *Breach of other obligations*: the Issuer defaults in the performance or observance of any of its other obligations under or in respect of the Notes or the Trust Deed and that breach has not been remedied within 21 days of receipt of a written notice from the Trustee certifying that in its opinion the breach is materially prejudicial to the interests of the holders of such Notes and requiring the same to be remedied; or
- (iii) *Winding-up etc.*: a Winding-up Event occurs.

At any time after any Series of Senior Notes shall have become due and repayable in accordance with this Condition 14(a) (*Senior Notes*), the Trustee may at its discretion and, if so requested in writing by Holders of at least one quarter of the aggregate principal amount of the outstanding Notes or if so directed by an Extraordinary Resolution, shall (subject to the Trustee having been indemnified and/or secured and/or pre-funded to its satisfaction), without further notice, institute such proceedings or take such steps or actions as it may think fit against the Issuer to enforce payment.

(b) *Tier 2 Capital Notes*: The provisions of this Condition 14(b) (*Tier 2 Capital Notes*) shall have effect in relation to any Series of Tier 2 Capital Notes.

(i) If any of the following events occurs and is continuing, then the Trustee at its discretion may and, if so requested in writing by Holders of at least one quarter of the aggregate principal amount of the outstanding Tier 2 Capital Notes or if so directed by an Extraordinary Resolution, shall (subject to the Trustee having been indemnified and/or secured and/or pre-funded to its satisfaction), without further notice:

(A) *Non-payment*: in the event that any principal or interest on such Tier 2 Capital Notes has not been paid within 14 days from the due date for payment and such sum has not been duly paid within a further 14 days following written notice from the Trustee to the Issuer requiring the non-payment to be made good, institute proceedings for the winding up of the Issuer in a court of competent jurisdiction in England (or such other jurisdiction in which the Issuer is organised) (but not elsewhere), provided that the Issuer shall not be in default if during the 14 days after the Trustee's notice it satisfies the Trustee that such sums were not paid in order to comply with a mandatory law, regulation or order of any court of competent jurisdiction. Where there is doubt as to the validity or applicability of any such law, regulation or order, the Issuer will not be in default if it acts on the advice given to it during such 14 day period by independent legal advisers approved by the Trustee; or

(B) *Breach of other obligations (other than non-payment)*: institute such proceedings against the Issuer as it may think fit to enforce any obligation, condition or provision binding on the Issuer under such Tier 2 Capital Notes or Coupons or the terms of the Trust Deed relating thereto (other than any obligation for the payment of any principal or interest in respect of the Tier 2 Capital Notes or Coupons or any other payment obligation in relation thereto and any damages awarded for breach of such obligations that are not payment obligations) provided that the Issuer shall not by virtue of the institution of any such proceedings be obliged to pay any sum or sums in cash or otherwise (including any damages) other than in the winding-up of the Issuer or following notice by an administrator of the Issuer that it intends to declare and distribute a dividend.

(ii) If a Winding-up Event occurs, the Trustee at its discretion may and, if so requested in writing by the Holders of at least one quarter of the aggregate principal amount of the outstanding Tier 2 Capital Notes or if so directed by an Extraordinary Resolution, shall (subject to the Trustee having been indemnified and/or secured and/or pre-funded to its satisfaction) declare such Tier 2 Capital Notes to be due and repayable immediately (and such Tier 2 Capital Notes shall thereby become so due and repayable) at their outstanding principal amount (or at such other repayment amount as may be specified in or determined in accordance with the relevant Final Terms) together with any accrued but unpaid interest as provided in the Trust Deed and payments are subject to the subordination provisions set out in Condition 4(b) (*Tier 2 Capital Notes*).

(c) *All Notes*: The provisions of this Condition 14(c) (*All Notes*) shall have effect in relation to any Series of Notes.

(i) No holder of any such Notes and no holder of the Coupons (if any) appertaining thereto shall be entitled to institute any of the proceedings referred to in Condition 14(a) (*Senior Notes*) or (b) (*Tier 2 Capital Notes*) above or to prove in the winding up of the Issuer

except that if the Trustee, having become bound to proceed against the Issuer as aforesaid, fails to do so or, being able to prove in such winding up, fails to do so, in each case within a reasonable period, and in each such case such failure shall be continuing, then any such holder may himself institute such proceedings and/or prove in such winding up to the same extent (but not further or otherwise) than the Trustee would have been entitled so to do in respect of his Notes and/or Coupons. In the case of Tier 2 Capital Notes, no remedy against the Issuer other than the institution of the proceedings referred to in Condition 14(b) (*Tier 2 Capital Notes*) above or proving in the winding up of the Issuer, shall be available to the Trustee or the holders of such Notes or the Coupons (if any) appertaining thereto whether for the recovery of amounts owing in respect of such Notes or Coupons or under the Trust Deed in relation thereto or in respect of any breach by the Issuer of any of its other obligations under or in respect of such Notes or Coupons or under the Trust Deed in relation thereto.

15. **Prescription**

Claims for principal in respect of Bearer Notes shall become void unless the relevant Bearer Notes are presented for payment within 10 years of the appropriate Relevant Date. Claims for interest in respect of Bearer Notes shall become void unless the relevant Coupons are presented for payment within five years of the appropriate Relevant Date. Claims for principal and interest in respect of Registered Notes shall become void unless the relevant Certificates are surrendered for payment within 10 years of the appropriate Relevant Date.

16. **Replacement of Notes and Coupons**

If any Note, Certificate or Coupon is lost, stolen, mutilated, defaced or destroyed, it may be replaced at the Specified Office of the Principal Paying Agent, in the case of Bearer Notes, or the Registrar, in the case of Registered Notes (and for so long as the Notes are admitted to listing and/or trading by the competent listing authority and/or stock exchange which requires the appointment of a Paying Agent or Transfer Agent in any particular place, the Paying Agent or Transfer Agent having its Specified Office in the place required by the competent listing authority and/or stock exchange), subject to all applicable laws and competent listing authority and/or 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 Notes, Certificates or Coupons must be surrendered before replacements will be issued.

17. **Trustee and Agents**

Under the Trust Deed, the Trustee is entitled to be indemnified and/or secured and/or pre-funded before taking any steps or actions or initiating any proceedings and relieved from responsibility in certain circumstances and to be paid its costs, fees and expenses in priority to the claims of the Noteholders. In addition, the Trustee is entitled to enter into business transactions with the Issuer and any entity relating to the Issuer without accounting for any profit.

In acting under the Agency Agreement and in connection with the Notes and the Coupons, the Agents act solely as agent of the Issuer and (to the extent provided therein) the Trustee and do not assume any obligations towards or relationship of agency or trust for or with any of the Noteholders or Couponholders.

The initial Agents and their initial Specified Offices are listed below. The initial Agent Bank (if any) is specified in the relevant Final Terms. If any additional Agents are appointed in connection with any Series, the names of such Agents will be specified in Part B of the relevant Final Terms. The Issuer reserves the right (with the prior approval of the Trustee) at any time to vary or terminate the appointment of any Agent and to appoint a successor fiscal agent or registrar or Agent Bank and additional or successor paying agents; provided, however, that:

- (i) the Issuer shall at all times maintain a Principal Paying Agent, a Registrar and a CMU Lodging and Paying Agent in relation to Notes accepted for clearance through the CMU Service;



- (ii) the Issuer shall at all times maintain a Paying Agent in an EU Member State that will not be obliged to withhold or deduct tax pursuant to European Council Directive 2003/48/EC;
- (iii) if an Agent Bank is specified in the relevant Final Terms, the Issuer shall at all times maintain an Agent Bank; and
- (iv) for so long as the Notes are admitted to listing and/or trading by the competent listing authority and/or stock exchange which requires the appointment of a Paying Agent or Transfer Agent in any particular place, the Issuer shall maintain a Paying Agent and/or a Transfer Agent having its Specified Office in the place required by the competent listing authority and/or stock exchange.

Notice of any change in any of the Agents or in their Specified Offices shall promptly be given to the Noteholders in accordance with Condition 20 (*Notices*).

**18. Meetings of Noteholders; Modification and Waiver; Substitution**

- (a) *Meetings of Noteholders:* The Trust Deed contains provisions for convening meetings of Noteholders to consider matters relating to the Notes, including the modification of any provision of these Conditions by Extraordinary Resolution, except that the provisions relating to the Tier 2 Capital Notes shall only be capable of modification if the Issuer complies with all other rules and requirements of the PRA as and to the extent applicable from time to time.

Such a meeting may be convened by the Issuer or by the Trustee and, subject to the Trustee being indemnified and/or secured and/or prefunded to its satisfaction, shall be convened by the Trustee upon the request in writing of Noteholders holding not less than one-tenth of the aggregate principal amount of the outstanding Notes. The quorum at any meeting convened to vote on an Extraordinary Resolution will be one or more persons holding or representing not less than a clear majority in aggregate principal amount of the outstanding Notes or, at any adjourned meeting, one or more Persons being or representing Noteholders whatever the principal amount of the Notes held or represented; provided, however, that Reserved Matters may only be sanctioned by an Extraordinary Resolution passed at a meeting of Noteholders at which one or more persons holding or representing not less than two-thirds, or at any adjourned meeting not less than one-third of the aggregate principal amount of the outstanding Notes form a quorum. Any Extraordinary Resolution duly passed at any such meeting shall be binding on all the Noteholders and Couponholders, whether present or not.

In addition, a resolution in writing signed by or on behalf of all Noteholders who for the time being are entitled to receive notice of a meeting of Noteholders under the Trust Deed will take effect as if it were an Extraordinary Resolution. Such a resolution in writing may be contained in one document or several documents in the same form, each signed by or on behalf of one or more Noteholders.

The Trust Deed contains provisions for convening a single meeting of the holders of Notes of more than one Series in certain circumstances where the Trustee so decides.

- (b) *Modification and waiver:* Subject to certain exceptions, the Trustee may, without the consent of the Noteholders, agree to any modification of the Trust Deed or the Notes (other than in respect of a Reserved Matter) which is, in the opinion of the Trustee, proper to make if, in the opinion of the Trustee, such modification will not be materially prejudicial to the interests of Noteholders and to any modification of the Notes or the Trust Deed which is of a formal, minor or technical nature or is to correct a manifest error. In addition, the Trustee may, without the consent of the Noteholders, authorise or waive any proposed breach or breach of the Notes or the Trust Deed (other than a proposed breach or breach relating to the subject of a Reserved Matter) if, in the opinion of the Trustee, the interests of the Noteholders will not be materially prejudiced thereby. The provisions relating to the Tier 2 Capital Notes shall only be capable of such modification or waiver if the Issuer complies with all rules and requirements of the PRA applicable from time to time. If the Trustee is requested to consider such modification or waiver of the Tier 2 Capital Notes or convene a meeting of Holders in respect thereof, the Issuer shall provide to the Trustee a certificate signed by two Authorised Signatories, certifying that it has notified the PRA of such

modification or waiver and has complied with any other rules and requirements of the PRA. The Trustee may rely on such certificate without liability for so doing.

In addition, the Trustee may determine, without the consent of the holders of Notes of any Series or holders of the Coupons (if any) appertaining thereto (except as set out in the Trust Deed), that any Event of Default or Potential Event of Default (both as defined in the Trust Deed) shall not be treated as such for the purpose of the Trust Deed and such Notes if, in the opinion of the Trustee, the interests of the relevant Noteholders would not be materially prejudiced thereby.

Unless the Trustee agrees otherwise, any such authorisation, waiver or modification shall be notified to the Noteholders as soon as practicable thereafter.

- (c) *Substitution*: Subject to such amendment of the Trust Deed and such other conditions as the Trustee may require, but without the consent of the Noteholders, the Trustee may also agree, subject to such Notes and Coupons being or, where appropriate, remaining irrevocably guaranteed by the Issuer (on a subordinated basis in the case of Tier 2 Capital Notes), to the substitution of any subsidiary of the Issuer or of the Company in place of the Issuer as principal debtor under such Notes and in each case the Coupons (if any) appertaining thereto and the Trust Deed in so far as it relates to such Notes.

In the case of a substitution under this Condition 18 (*Meetings of Noteholders; Modification and Waiver; Substitution*), the Trustee may agree, without the consent of the holders of the Notes of the relevant Series or of the Coupons (if any) appertaining thereto, to a change of the law governing such Notes and/or Coupons and/or the Trust Deed in so far as it relates to such Notes provided that such change would not in the opinion of the Trustee be materially prejudicial to the interests of the holders of the Notes of such Series.

- (d) Any such modification, waiver, authorisation or substitution shall be binding on all the Noteholders and Couponholders of the relevant Series and, unless the Trustee agrees otherwise, shall be notified to the holders of Notes of that Series as soon as practicable thereafter in accordance with Condition 20 (*Notices*).

In connection with the exercise of its powers, trusts, authorities or discretions (including, but not limited to, those in relation to any such modification, waiver, authorisation or substitution as aforesaid) the Trustee shall have regard to the interests of the holders of the Notes of the relevant Series as a class and in particular, but without limitation, shall not have regard to the consequences of such exercise for individual Noteholders or Couponholders resulting from the individual Noteholders or Couponholders being for any purpose domiciled or resident in, or otherwise connected with, or subject to the jurisdiction of, any particular territory and the Trustee shall not be entitled to require, nor shall any Noteholder or Couponholder be entitled to claim, from the Issuer any indemnification or payment in respect of any tax consequences of any such exercise upon individual Noteholders or Couponholders.

19. **Further Issues**

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

20. **Notices**

- (a) *Bearer Notes*: Notices to the Holders of Bearer Notes shall be valid if published in a leading English language daily newspaper published in London (which is expected to be the *Financial Times*) or, if such publication is not practicable, in a leading English language daily newspaper having general circulation in Europe. Any such notice shall be deemed to have been given on the date of first publication (or if required to be published in more than one newspaper, on the first date on which publication shall have been made in all the required newspapers). Couponholders shall be deemed for all purposes to have notice of the contents of any notice given to the Holders of Bearer Notes.

- (b) *Registered Notes:* Notices to the Holders of Registered Notes shall be sent to them by first class mail (or its equivalent) or (if posted to an overseas address) by airmail at their respective addresses on the Register. Any such notice shall be deemed to have been given on the fourth day after the date of mailing.

21. **Rounding**

For the purposes of any calculations referred to in these Conditions, (a) all percentages resulting from such calculations will be rounded, if necessary, to the nearest one hundred-thousandth of a percentage point (with 0.000005 per cent. being rounded up to 0.00001 per cent.), (b) all United States dollar amounts used in or resulting from such calculations will be rounded to the nearest cent (with one half cent being rounded up), (c) all Japanese Yen amounts used in or resulting from such calculations will be rounded downwards to the next lower whole Japanese Yen amount, and (d) all amounts denominated in any other currency used in or resulting from such calculations will be rounded to the nearest two decimal places in such currency, with 0.005 being rounded upwards.

22. **Contracts (Rights of Third Parties) Act 1999**

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

23. **Governing Law and Jurisdiction**

- (a) *Governing law:* The Notes and the Trust Deed, and all non-contractual obligations arising out of or in connection with the Notes and the Trust Deed, are governed by English law.
- (b) *Jurisdiction:* The parties to the Trust Deed have (i) agreed that the courts of England shall have exclusive jurisdiction to settle any dispute (a "**Dispute**") arising out of or in connection with the Notes; and (ii) agreed that those courts are the most appropriate and convenient courts to settle any Dispute and, accordingly, that they will not argue that any other courts are more appropriate or convenient.

## FORM OF FINAL TERMS

*The Final Terms in respect of each Tranche of Notes will be in the following form, duly completed to reflect the particular terms of the relevant Notes and their issue.*

**Final Terms dated [•]**

### BARCLAYS [BANK] PLC

Issue of [Aggregate Nominal Amount of Tranche] [Title of Notes]

under the **£60,000,000,000 Debt Issuance Programme**

### PART A – CONTRACTUAL TERMS

[Terms used herein shall be deemed to be defined as such for the purposes of the Terms and Conditions of the Notes (the "**Conditions**") set forth in the Base Prospectus for the purposes of Directive 2003/71/EC (and amendments thereto, including Directive 2010/73/EU (the "**2010 PD Amending Directive**") (the "**Prospectus Directive**"). This document constitutes the Final Terms of the Notes described herein for the purposes of Article 5.4 of the Prospectus Directive. These Final Terms contain the final terms of the Notes and must be read in conjunction with such Base Prospectus [as so supplemented].

Full information on the Issuer and the offer of the Notes described herein is only available on the basis of the combination of these Final Terms and the Base Prospectus [as so supplemented]. However, a summary of the issue of the Notes is annexed to these Final Terms. The Base Prospectus [and the supplemental Base Prospectus] [is] [are] and these Final Terms have been published on the website of the Regulatory News Service operated by the London Stock Exchange at <http://www.londonstockexchange.com/exchange/news/market-news/market-news-home-html>.]

[Terms used herein shall be deemed to be defined as such for the purposes of the [date] Conditions (the "**Conditions**") incorporated by reference in the Base Prospectus dated [•]. These Final Terms contain the final terms of the Notes and must be read in conjunction with the Base Prospectus dated 26 November 2013 [and the supplemental Base Prospectus dated [•]] which [together] constitute[s] a base prospectus (the "**Base Prospectus**") for the purposes of the Directive 2003/71/EC (and amendments thereto, including Directive 2010/73/EU (the "**2010 PD Amending Directive**") (the "**Prospectus Directive**"), save in respect of the Conditions which are set forth in the base prospectus dated [•] and are incorporated by reference in the Base Prospectus. This document constitutes the Final Terms relating to the issue of Notes described herein for the purposes of Article 5.4 of the Prospectus Directive.

Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Base Prospectus dated 26 November 2013 [and the supplemental Base Prospectus dated [•]]. However, a summary of the issue of the Notes is annexed to these Final Terms. [The Base Prospectuses [and the supplemental Base Prospectus] and these Final Terms have been published on the website of the Regulatory News Service operated by the London Stock Exchange at <http://www.londonstockexchange.com/exchange/news/market-news/market-news-home-html>.]

- |    |        |  |  |
|----|--------|--|--|
| 1. | (i)    | Issuer:  | Barclays [Bank] PLC  |
| 2. | [ (i)  | Series Number:]  | [•]  |
|    | [ (ii) | Tranche Number:]   | [•]  |
|    | (iii)  | Date on which the Notes will be consolidated and form a single series: | Not Applicable/ The Notes shall be consolidated, form a single series and be interchangeable for trading purposes with the [•] on [[•]/the Issue Date/exchange of the Temporary Global Note for interests in the Permanent Global Note, as referred to in paragraph [•] below [which is expected to occur on or about [•]].] |
| 3. |        | Specified Currency or Currencies:                                      | [•]  |

4. Aggregate Nominal Amount: [•]  
 [(i) [Series]: [•]  
 [(ii) Tranche: [•]]
5. Issue Price: [•] per cent. of the Aggregate Nominal Amount  
 [plus accrued interest from [•]]
6. (i) Specified Denominations: [•]  
 (ii) Calculation Amount: [•]
7. (i) Issue Date: [•]  
 (ii) Interest Commencement Date: [[•]/Issue Date/Not Applicable]
8. Maturity Date: [•]
9. Interest Basis: [[•] per cent. Fixed Rate]  
 [Reset Notes]  
 [[LIBOR]/ [EURIBOR]/ [BBSW]/ [SHIBOR]/  
 [CHIBOR]/ [CNH HIBOR]/ [TIBOR]/  
 [STIBOR]/ [SIBOR]/ [HIBOR]/ [CDOR] +/- [•]  
 per cent. Floating Rate]  
 [Zero Coupon]  
 (see paragraph 14/15/16/17 below)
10. Redemption/Payment Basis: [Redemption at par] / [•]
11. Change of Interest or Redemption/Payment Basis: [•]/Not Applicable
12. Put/Call Options: [Investor Put]  
 [Issuer Call]  
 [Not Applicable]
13. [(i) Status of the Notes: [Senior/Tier 2 Capital Notes]  
 [(ii) [Date [Board] approval for [•]  
 issuance of Notes obtained:]

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

14. **Fixed Rate Note Provisions** [Applicable/Not Applicable]
- (i) Rate(s) of Interest: [•] per cent. per annum [payable  
 [annually/semi-annually/quarterly/monthly/ [•] in  
 arrear on each Interest Payment Date]
- (ii) (A) Interest Payment Date(s): [•] [and [•]] in each year [adjusted in accordance  
 with [•]/not adjusted]

(B) Interest Payment Date adjustment (for Renminbi or Hong Kong dollar-denominated Notes):	[Applicable/Not Applicable]
(iii) Fixed Coupon Amount[(s)]:	[[•] per Calculation Amount payable on each Interest Payment Date] / [Each Fixed Coupon Amount shall be calculated by multiplying the product of the Interest Rate and the Calculation Amount by the Day Count Fraction and rounding the resultant figure to the nearest [CNY0.01]/[HK\$0.01], [CNY0.005]/[HK\$0.005] being rounded upwards]
(iv) Broken Amount(s):	[•] per Calculation Amount, payable on the Interest Payment Date falling [in/on] [•]
(v) Day Count Fraction:	[30/360 / Actual/Actual (ICMA) / Actual/Actual (ISDA) / Actual/365 (Fixed) / Actual/360 / 30E/360]
(vi) Party responsible for calculating the amount payable [upon a Currency Disruption Event]:	[•] of [•] shall be the Agent Bank
15. <b>Reset Note Provisions</b>	[Applicable/Not Applicable]
(i) Initial Rate of Interest:	[•] per cent. per annum payable in arrear [on each Interest Payment Date]
(ii) First Margin:	[+/-][•] per cent. per annum
(iii) Subsequent Margin:	[[+/-][•] per cent. per annum] [Not Applicable]
(iv) Interest Payment Date(s):	[•] [and [•]] in each year up to and including the Maturity Date[[in each case,] subject to adjustment in accordance with paragraph 15(xv)]
(v) Fixed Coupon Amount up to (but excluding) the First Reset Date:	[[•] per Calculation Amount][Not Applicable]
(vi) Broken Amount(s):	[[•] per Calculation Amount payable on the Interest Payment Date falling [in/on] [•]][Not Applicable]
(vii) First Reset Date:	[•] [subject to adjustment in accordance with paragraph 15(xv)]
(viii) Second Reset Date:	[•]/[Not Applicable][subject to adjustment in accordance with paragraph 15(xv)]
(ix) Subsequent Reset Date(s):	[•] [and [•]] [subject to adjustment in accordance with paragraph 15(xv)]

(x) Relevant Screen Page:	[•]
(xi) Mid-Swap Rate:	[Single Mid-Swap Rate/Mean Mid-Swap Rate]
(xii) Mid-Swap Maturity	[•]
(xiii) Day Count Fraction:	[Actual/Actual (ICMA)]/[Actual/Actual (ISDA)]/[Actual/365 (Fixed)]/[Actual/360]/[30/360]/[30E/360]/[30E/360 (ISDA)]
(xiv) Reset Determination Dates:	[•] in each year
(xv) Business Day Convention:	[Following Business Day Convention/ Modified Following Business Day Convention/ Preceding Business Day Convention]/[Not Applicable]
(xvi) Business Centre(s):	[•]
(xvii) Agent Bank:	[•]
(xviii) Mid-Swap Floating Leg Benchmark Rate	[•]
16. <b>Floating Rate Note Provisions</b>	[Applicable/Not Applicable]
(i) Specified Period(s):	[•]
(ii) Specified Interest Payment Dates:	[•]
(iii) First Interest Payment Date:	[•]
(iv) Business Day Convention:	[Floating Rate Convention/ Following Business Day Convention/ Modified Following Business Day Convention/ Preceding Business Day Convention/ No Adjustment]
(v) Additional Business Centre(s):	[Not Applicable/[•]]
(vi) Manner in which the Rate(s) of Interest is/are to be determined:	[Screen Rate Determination/ISDA Determination]
(vii) Party responsible for calculating the Rate(s) of Interest and/or Interest Amount(s) (if not the [Principal Paying Agent]):	[Principal Paying Agent / [•]]
(viii) Screen Rate Determination:	
• Reference Rate:	[EURIBOR/ LIBOR/ BBSW/ SHIBOR/ CHIBOR/ CNH HIBOR/ TIBOR/ STIBOR/ SIBOR/ HIBOR/ CDOR]
• Reference Bank(s):	[•]
• Interest Determination Date(s):	[•]

- Relevant Screen Page: [•]
  - Relevant Time: [[•] in the Relevant Financial Centre]/[as per the Conditions]
  - Relevant Financial Centre: [London/Brussels/Sydney/Shanghai/Hong Kong/Tokyo/Stockholm/Singapore/Toronto]
- (ix) ISDA Determination: 2006 ISDA Definitions
- Floating Rate Option: [•]
  - Designated Maturity: [•]
  - Reset Date: [•]
- (x) Margin(s): [+/-][•] per cent. per annum
- (xi) Minimum Rate of Interest: [•] per cent. per annum
- (xii) Maximum Rate of Interest: [•] per cent. per annum
- (xiii) Day Count Fraction: [30/360 / Actual/Actual (ICMA) / Actual/Actual (ISDA) / Actual/365 (Fixed) / Actual/360 / 30E/360 / 30E/360(ISDA)]
17. **Zero Coupon Note Provisions** [Applicable/Not Applicable]
- (i) [Amortisation/Accrual] Yield: [•] per cent. per annum
  - (ii) Reference Price: [•]

#### PROVISIONS RELATING TO REDEMPTION

18. **Call Option** [Applicable/Not Applicable]
- (i) Optional Redemption Date(s) (Call): [•]
  - (ii) Optional Redemption Amount (Call): [•] per Calculation Amount
  - (iii) If redeemable in part:
    - (a) Minimum Redemption Amount: [•] per Calculation Amount
    - (b) Maximum Redemption Amount: [•] per Calculation Amount
  - (iv) Notice period: Minimum period: [•] days  
Maximum period: [•] days
  - (v) Optional Redemption Amount (Regulatory Event): [•] per Calculation Amount
  - (vi) Early Redemption Amount (Tax) [•] per Calculation Amount
19. **Put Option** [Applicable/Not Applicable]
- (i) Optional Redemption Date(s) (Put): [•]



(ii) Optional Redemption Amount [•] per Calculation Amount (Put):

(iii) Notice period: Minimum period: [•] days

Maximum period: [•] days

20. **Final Redemption Amount of each Note** [•] per Calculation Amount

21. **Early Termination Amount** [[•] per Calculation Amount] [Not Applicable]

#### GENERAL PROVISIONS APPLICABLE TO THE NOTES

22. **Form of Notes:**

**Bearer Notes:**

[Temporary Global Note exchangeable for a Permanent Global Note which is exchangeable for Definitive Notes on [•] days' notice/at any time/in the limited circumstances described in the Permanent Global Note]

[Temporary Global Note exchangeable for Definitive Notes on [•] days' notice]

[Permanent Global Note exchangeable for Definitive Notes on [•] days' notice/at any time/in the limited circumstances described in the Permanent Global Note]

**Registered Notes:**

[Unrestricted Global Certificate exchangeable for Unrestricted Individual Certificates on [•] days' notice/at any time/in the limited circumstances described in the Unrestricted Global Certificate]

[and]

[Restricted Global Certificate exchangeable for Restricted Individual Certificates on [•] days' notice/at any time/in the limited circumstances described in the Restricted Global Certificate]

[and]

[Restricted Global Certificate [(U.S.\$ [•]/Euro [•] nominal amount)] registered in the name of a nominee for [DTC].]

[and]

[Unrestricted Global Certificate [(U.S.\$/Euro [•] nominal amount)] registered in the name of a nominee for [DTC/a common depository for Euroclear and Clearstream, Luxembourg/a common safekeeper for Euroclear and Clearstream, Luxembourg (that is, held under the New Safekeeping Structure (NSS))]

[Individual Certificates]

23. New Global Note: [Yes] [No]
24. Additional Financial Centre(s) or other special provisions relating to payment dates: [Not Applicable/[•]]
25. Talons for future Coupons to be attached to Definitive Notes: [Yes/No.]
26. Spot Rate: [Not Applicable] / [CNHFIX Spot Rate / TRADCNY3 Spot Rate]
- 27.

Signed on behalf of Barclays [Bank] PLC:

By: .....  
Duly authorised

## PART B – OTHER INFORMATION

### 1. LISTING

- (i) Listing and admission to trading [Application has been made by the Issuer (or on its behalf) for the Notes to be admitted to trading on the Regulated Market of the London Stock Exchange with effect from [•].]

[Application is expected to be made by the Issuer (or on its behalf) for the Notes to be admitted to trading on the Regulated Market of the London Stock Exchange with effect from [•].]

### 2. RATINGS

- Ratings: The Notes to be issued [have not been rated]/ [have been rated:]

[Standard & Poor's Credit Market Services Europe Limited: [•]]

[Moody's Investors Service Ltd.: [•]]

[Fitch Ratings Limited: [•]]

### 3. [INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE/OFFER]

["Save as discussed in "*Subscription and Sale*", so far as the Issuer is aware, no person involved in the offer of the Notes has an interest that is material to the offer."

The [Managers/Dealers] and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform other services for, the Issuer and its affiliates in the ordinary course of business.]/[Not Applicable]

### 4. REASONS FOR THE OFFER, ESTIMATED NET PROCEEDS AND TOTAL EXPENSES

- [(i)] Reasons for the offer [•]

- [(ii)] Estimated net proceeds: [•]

- [(iii)] Estimated total expenses: [•]

### 5. [Fixed Rate Notes only – YIELD

- Indication of yield: [•]

### 6. [Floating Rate Notes only - HISTORIC INTEREST RATES

Details of historic [LIBOR/ EURIBOR/ BBSW/ SHIBOR/ CHIBOR/ CNH HIBOR/ TIBOR/ STIBOR/ SIBOR/ HIBOR/ CDOR] rates can be obtained from [Reuters]/[•]/Not Applicable.]

### 7. OPERATIONAL INFORMATION

- (i) CUSIP Number: [•] [Not Applicable]

- (ii) ISIN Code: [•]
- (iii) Common Code: [•]
- (iv) CINS Code: [•] [Not Applicable]
- (v) CMU Instrument Number: [•] [Not Applicable]
- (vi) Delivery: Delivery [against/free of] payment
- (vii) Names and addresses of additional Paying Agent(s) (if any): [•]
- (viii) Public Offer: [Not Applicable]/[An offer of the Notes may be made, subject to the conditions set out below, by the Dealers [and [•]] ([together with the Dealers,] the "**Initial Authorised Offerors**") [and any other Authorised Offerors in accordance with paragraph 8(xii) below] other than pursuant to Article 3(2) of the Prospectus Directive in the United Kingdom (the "**Public Offer Jurisdiction**") during the period from [•] until [•] (the "**Offer Period**"). See further paragraph [•] below.
- (ix) General Consent: [Applicable]/[Not Applicable]

## 8. TERMS AND CONDITIONS OF THE OFFER

- (i) Offer Price: [Issue Price][•]
- (ii) Conditions to which the offer is subject: [Not Applicable/[•]]
- (iii) Description of the application process: [Not Applicable/[•]]
- (iv) Description of possibility to reduce subscriptions and manner for refunding excess amount paid by applicants: [Not Applicable/[•]]
- (v) Details of the minimum and/or maximum amount of application: [Not Applicable/[•]]
- (vi) Details of the method and time limits for paying up and delivering the Notes: [Not Applicable/[•]]
- (vii) Manner in and date on which results of the offer are to be made public: [Not Applicable/[•]]
- (viii) Procedure for exercise of any right of pre-emption, negotiability of subscription rights and treatment of subscription rights not exercised: [Not Applicable/[•]]
- (ix) Categories of potential investors to which the Notes are offered and whether tranche(s) have been reserved for certain countries: [Not Applicable/[•]]

- (x) Process for notification to applicants of the amount allotted and the indication whether dealing may begin before notification is made: [Not Applicable/[•]]
- (xi) Amount of any expenses and taxes specifically charged to the subscriber or purchaser: [Not Applicable/[•]]
- (xii) Name(s) and address(es), to the extent known to the Issuer, of the placers in the various countries where the offer takes place (together, the "**Authorised Offerors**"). [None]/[Not Applicable]/[The Initial Authorised Offerors identified in paragraph 7(viii) above [and any additional financial intermediaries who have or obtain the Issuer's consent to use the Prospectus in connection with the Public Offer and who are identified on <http://www.barclays.com/InvestorRelations/DebtInvestors> as an Authorised Offeror] [or any financial intermediary which is authorised to make such offers under the Markets in Financial Instruments Directive (Directive 2004/39/EC) which states on its website that it has been duly appointed as a financial intermediary to offer the relevant Tranche of Notes during the Offer Period and that it is relying on this Prospectus to do so].]
- (xiii) [Name(s) and address(es) of the entities which have a firm commitment to act as intermediaries in secondary market trading, providing liquidity through bid and offer rates and description of the main terms of its/their commitment: [None/[•]]
- (xiv) Offer period for which use of the Base Prospectus is authorised by the Authorised Offeror(s) ("**Offer Period**"): [•]
- (xv) Other conditions for use of the Base Prospectus by the Authorised Offeror(s): [•]
9. **DISTRIBUTION**
- U.S. Selling Restrictions: [Reg. S Category [•]/ TEFRA C/ TEFRA D / TEFRA not applicable]

**ANNEX TO THE FINAL TERMS – SUMMARY OF THE ISSUE**

*[Base Prospectus summary to be inserted and the options given as placeholders in the summary to be completed in respect of the Notes being issued.]*

## **USE OF PROCEEDS**

The net proceeds of the issue of each Series of Senior Notes will be used for general corporate purposes of the relevant Issuer and its subsidiaries and/or the Group.

The net proceeds of the issue of each Series of Tier 2 Capital Notes will be used for general corporate purposes of the Group and to strengthen further the regulatory capital base of the relevant Issuer and/or the Group, which may include investments in, or capital contributions to, Group subsidiaries.

## THE ISSUERS AND THE GROUP

The Company is a public limited company registered in England under number 48839. The liability of the members of the Company is limited. It has its registered head office at 1 Churchill Place, London E14 5HP, United Kingdom (telephone number +44 (0) 20 7116 1000). Tracing its origins to 17th century London, the Company has evolved from a group of English partnerships into a global bank. The Company was incorporated on 20 July 1896 under the Companies Acts 1862 to 1890.

The Bank is a public limited company registered in England and Wales under number 1026167. The liability of the members of the Bank is limited. It has its registered and head office at 1 Churchill Place, London, E14 5HP, United Kingdom (telephone number +44 (0)20 7116 1000). The Bank was incorporated on 7 August 1925 under the Colonial Bank Act 1925 and on 4 October 1971 was registered as a company limited by shares under the Companies Acts 1948 to 1967. Pursuant to The Barclays Bank Act 1984, on 1 January 1985, the Bank was re-registered as a public limited company and its name was changed from "Barclays Bank International Limited" to "Barclays Bank PLC".

The Group is a major global financial services provider engaged in retail and commercial banking, credit cards, investment banking, wealth management and investment management services with an extensive international presence in Europe, United States, Africa and Asia. Together with the predecessor companies, the Group has over 300 years of history and expertise in banking, and today the Group operates in over 50 countries and as at 30 June 2013, employed approximately 139,900 people. The Group moves, lends, invests and protects money for customers and clients worldwide. The whole of the issued ordinary share capital of the Bank is beneficially owned by the Company, which is the ultimate holding company of the Group and one of the largest financial services companies in the world by market capitalisation.

The short term unsecured obligations of the Company are rated A-2 by Standard & Poor's, P-2 by Moody's, and F1 by Fitch, and the long-term obligations of the Company are rated A- by Standard & Poor's, A3 by Moody's, and A by Fitch.

The short term unsecured obligations of the Bank are rated A-1 by Standard & Poor's, P-1 by Moody's and F1 by Fitch, and the long-term obligations of the Bank are rated A by Standard & Poor's, A2 by Moody's and A by Fitch.

Based on the Group's audited financial information for the year ended 31 December 2012, the Group had total assets of £1,488,335 million (restated) (2011 (restated): £1,562,083 million), total net loans and advances<sup>1</sup> of £464,368 million (restated) (2011: £479,380 million), total deposits<sup>2</sup> of £462,423 million (restated) (2011: £457,148 million), and total shareholders' equity of £59,986 million (restated) (2011 (restated): £63,959 million) (including non-controlling interests of £9,371 million (2011: £9,607 million)). The profit before tax from continuing operations of the Group for the year ended 31 December 2012 was £797 million (restated) (2011 (restated): £5,770 million) after credit impairment charges and other provisions of £3,340 million (restated) (2011: £5,602 million). The financial information in this paragraph is extracted from the audited consolidated financial statements of the Company for the year ended 31 December 2012.

Based on the Bank Group's unaudited financial information for the six months ended 30 June 2013, the Bank Group had total assets of £1,533,378 million (30 June 2012 (restated): £1,629,089 million), total net loans and advances<sup>3</sup> of £516,949 million (30 June 2012 (restated): £501,509 million), total deposits<sup>4</sup> of £538,624 million (30 June 2012 (restated): £502,818 million), and total shareholders' equity of £59,394 million (30 June 2012 (restated): £60,371 million) (including non-controlling interests of £2,620 million (2012: £2,957 million)). The profit before tax from continuing operations of the Bank Group for the year ended 30 June 2013 was £1,648 million (30 June 2012 (restated): £716 million) after credit impairment charges and other provisions of £1,631 million (30 June 2012 (restated): £1,710 million). The financial

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<sup>1</sup> Total net loans and advances include balances relating to both bank and customer accounts.

<sup>2</sup> Total deposits include deposits from bank and customer accounts.

<sup>3</sup> Total net loans and advances include balances relating to both bank and customer accounts.

<sup>4</sup> Total deposits include deposits from bank and customer accounts.



information in this paragraph is extracted from the unaudited consolidated interim results of the Bank for the six months ended 30 June 2013.

Based on the Company's unaudited condensed consolidated historical financial information for the six months ended 30 June 2013, the Group had total assets of £1,532,733 million (30 June 2012 (restated): £1,629,056 million), total net loans and advances<sup>5</sup> of £516,513 million (30 June 2012 (restated): £501,509 million), total deposits<sup>6</sup> of £538,594 million (30 June 2012 (restated): £502,736 million), and total shareholders' equity of £60,137 million (30 June 2012 (restated) £60,420 million) (including non-controlling interests of £9,054 million (30 June 2012: £9,485 million)). Profit before tax for the Group for the six months ended 30 June 2013 was £1,677 million (30 June 2012 (restated): £871 million) including credit impairment and other provision charges of £1,631 million (30 June 2012 (restated): £1,710 million), a £1,350 million provision for PPI redress (30 June 2012: £300 million) and a £650 million provision relating to interest rate hedging products redress (30 June 2012: £450 million).

## Acquisitions, Disposals and Recent Developments

### *Strategic combination of Barclays Africa with Absa Group Limited*

On 6 December 2012, the Bank entered into an agreement to combine the majority of its Africa operations (the "**African Business**") with Absa Group Limited ("**Absa**"). Under the terms of the combination, Absa acquired Barclays Africa Limited, the holding company of the African Business, for a consideration of 129,540,636 Absa ordinary shares (representing a value of approximately £1.3 billion for Barclays Africa Limited). The combination completed on 31 July 2013 and, on completion, the Bank's stake in Absa increased from 55.5 per cent. to 62.3 per cent. Absa was subsequently renamed Barclays Africa Group Limited but continues to trade under the name Absa.

### *Acquisition of ING Direct UK*

On 9 October 2012, the Bank announced that it had agreed to acquire the deposits, mortgages and business assets of ING Direct UK. Under the terms of the transaction, which completed on 5 March 2013, the Bank acquired, amongst other business assets, a deposit book with balances of approximately £11.4 billion and a mortgage book with outstanding balances of approximately £5.3 billion.

### *Disposal of stake in BlackRock, Inc.*

On 22 May 2012, the Bank announced that it had agreed to dispose of the Bank's entire holding in BlackRock, Inc. ("**BlackRock**") pursuant to an underwritten public offer and a partial buy-back by BlackRock. On disposal, the Bank received net proceeds of approximately U.S.\$5.5 billion (£3.5 billion).

### *PRA Capital Adequacy Review*

In March 2013 the UK Financial Policy Committee asked the PRA to take steps to ensure that, by the end of 2013, major UK banks and building societies, including Barclays, held capital resources equivalent to 7 per cent. of their risk weighted assets. The PRA's calculation of capital adequacy was based on CRD IV definitions, applying them on a fully loaded basis with further prudential adjustments.

The PRA published its assessment in June 2013, further to which Barclays announced that it could meet the adjusted 7 per cent. fully loaded Common Equity Tier 1 ratio target set by the PRA by December 2013, through planned balance sheet actions and retained earnings generation, in line with Barclays' existing Transform programme.

As part of its review, the PRA also introduced a 3 per cent. leverage ratio target, calculated as fully loaded Common Equity Tier 1 capital (after further prudential adjustments), together with any further issuance of qualifying Additional Tier 1 securities, and divided by a CRD IV leverage exposure measure (the "**PRA Leverage Ratio**"). As at 30 June 2013, the Group's adjusted fully loaded CRD IV leverage ratio was 2.2 per cent., representing an estimated leverage gap of £12.8 billion of capital in order to meet the 3 per cent. target.

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<sup>5</sup> Total net loans and advances include balances relating to both bank and customer accounts.

<sup>6</sup> Total deposits include deposits from bank and customer accounts.

In July 2013, the PRA requested that Barclays plan to achieve a 3 per cent. PRA Leverage Ratio target by 30 June 2014, ahead of the anticipated CRD IV deadline for compliance in 2018. In order to achieve the target within the PRA's expected timeframe the Group formulated and agreed with the PRA a plan comprised of capital management and leverage exposure actions which was announced on 30 July 2013. The plan announced by the Group included an underwritten rights issue (described below), measures to reduce the Bank's CRD IV leverage exposure, and the continued execution of the Group's capital plan with the issuance of CRD IV qualifying Additional Tier 1 securities. In accordance with this plan, the Group issued on 20 November 2013 an issue of U.S.\$2 billion 8.25% CRD IV qualifying Contingent Convertible Additional Tier 1 securities with a 7 per cent. fully loaded Common Equity Tier 1 ratio trigger.

On 30 July 2013, the PRA announced that it had agreed and welcomed the Group's plan, and concluded that it was a credible plan to meet a PRA Leverage Ratio of 3 per cent. by end of June 2014 without cutting back on lending to the real economy.

#### *Rights Issue*

On 30 July 2013, the Company announced an underwritten rights issue to raise approximately £5.8 billion (net of expenses). The rights issue was made to qualifying shareholders on the basis of one new ordinary share for every four existing ordinary shares held by shareholders at the close of business on 13 September 2013. On 4 October 2013, the Company announced that it had received valid acceptances in respect of 94.63 per cent. of the total number of new ordinary shares offered to shareholders pursuant to the rights issue. The underwriters subsequently procured subscribers for the remaining ordinary shares for which acceptances were not received.

On 30 October 2013, the Company announced the following estimated ratios as at 30 September 2013 on a post-rights issue basis: Core Tier 1 ratio of 12.9 per cent., estimated fully loaded CRD IV Common Equity Tier 1 ratio of 9.6 per cent., estimated fully loaded CRD IV leverage ratio of 2.9 per cent. and estimated PRA Leverage Ratio of 2.6 per cent. the Company also announced on 30 October 2013 that the execution of the plan to meet the 3 per cent. PRA Leverage Ratio by June 2014 is on track (as these terms are defined in the Interim Management Statement).

#### **Directors**

The Directors of the Bank, each of whose business address is 1 Churchill Place, London E14 5HP, United Kingdom, their functions in relation to the Group and their principal outside activities (if any) of significance to the Group are as follows:

<u>Name</u>	<u>Function(s) within the Group</u>	<u>Principal outside activities</u>
Sir David Walker	Chairman	Consultative Group on International Economic and Monetary Affairs, Inc. (Group of Thirty)  Cicely Saunders International
Antony Jenkins	Group Chief Executive	Director, The Institute of International Finance
Tushar Morzaria	Group Finance Director	
David Booth	Non-Executive Director	Director, East Ferry Investors Inc
Tim Breedon CBE	Non-Executive Director	Non-Executive Director, Ministry of Justice Departmental Board
Fulvio Conti	Non-Executive Director	Chief Executive Officer, Enel SpA; Director, AON PLC; Independent Director, RCS

<u>Name</u>	<u>Function(s) within the Group</u>	<u>Principal outside activities</u>
		MediaGroup S.p.A
Simon Fraser	Non-Executive Director	Non-Executive Director, Fidelity Japanese Values Plc and Fidelity European Values Plc; Chairman, Foreign & Colonial Investment Trust PLC; Chairman, The Merchants Trust PLC; Non-Executive Director, Ashmore Group PLC
Reuben Jeffery III	Non-Executive Director	Senior Adviser, Center for Strategic & International Studies; Chief Executive Officer, Rockefeller & Co., Inc.
Dambisa Moyo	Non-Executive Director	Non-Executive Director, SABMiller plc; Non-Executive Director, Barrick Gold Corporation
Sir Michael Rake	Deputy Chairman and Senior Independent Director	Chairman, BT Group PLC; Director, McGraw-Hill Companies; President, Confederation of British Industry
Sir John Sunderland	Non-Executive Director	Chairman, Merlin Entertainments Group; Non-Executive Director, AFC Energy plc
Diane de Saint Victor	Non-Executive Director	General Counsel, Company Secretary and a member of the Group Executive Committee of ABB Limited
Frits van Paasschen	Non-Executive Director	CEO and President of Starwood Hotels and Resorts Worldwide Inc.
Mike Ashley	Non-Executive Director	-
Wendy Lucas-Bull	Non-Executive Director; Chairman of Barclays Africa Group Limited	Non-Executive Director, Anglo American Platinum Limited

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No potential conflicts of interest exist between any duties to the Bank of the Directors listed above and their private interests or other duties.

### **Employees**

As at 30 June 2013, the total number of persons employed by the Group (full time equivalents) was 139,900 (31 December 2012: 139,200).

### **Legal and Regulatory Proceedings**

#### *Investigations into Certain Agreements*

The FCA has investigated certain agreements, including two advisory services agreements entered into by the Bank with Qatar Holding in June and October 2008 respectively, and whether these may have related

to the Barclays PLC group's capital raisings in June and November 2008.

The FCA issued warning notices (the "**Warning Notices**") against Barclays and the Bank on 13 September 2013.

The existence of the advisory services agreement entered into in June 2008 was disclosed but the entry into the advisory services agreement in October 2008 and the fees payable under both agreements, which amount to a total of £322 million payable over a period of five years, were not disclosed in the announcements or public documents relating to the capital raisings in June and November 2008. While the Warning Notices consider that the Company and the Bank believed at the time that there should be at least some unspecified and undetermined value to be derived from the agreements, they state that the primary purpose of the agreements was not to obtain advisory services but to make additional payments, which would not be disclosed, for the Qatari participation in the capital raisings. The Warning Notices conclude that the Company and the Bank were in breach of certain disclosure-related Listing Rules and the Company was also in breach of Listing Principle 3 (the requirement to act with integrity towards holders and potential holders of the company's shares). In this regard, the FCA considers that the Company and the Bank acted recklessly. The financial penalty in the Warning Notices against Barclays PLC group is £50 million. However, the Company and the Bank continue to contest the findings.

The Serious Fraud Office is investigating the same agreements. Its investigation is at an earlier stage and the Group has received and has continued to respond to requests for further information.

The DOJ and the SEC are undertaking an investigation into whether the Barclays PLC group's relationships with third parties who assist the Barclays PLC group to win or retain business are compliant with the United States Foreign Corrupt Practices Act. They are also investigating the agreements referred to above including the two advisory services agreements. The U.S. Federal Reserve has requested to be kept informed of these matters.

It is not possible to estimate the full impact on the Group if the final conclusion of these matters is adverse.

#### *Interchange*

The Office of Fair Trading, as well as other competition authorities elsewhere in Europe, continues to investigate Visa and MasterCard credit and debit interchange rates. The Group receives interchange fees, as a card issuer, from providers of card acquiring services to merchants. The key risks arising from the investigations comprise the potential for fines imposed by competition authorities, litigation and proposals for new legislation. The Group may be required to pay fines or damages and could be affected by legislation amending interchange rules. It is not currently possible to predict the likelihood or potential financial impact of these risks.

#### *Investigations into LIBOR, ISDAfix and other Benchmarks*

The FCA, the U.S. Commodity Futures Trading Commission (the "**CFTC**"), the SEC, the U.S. DOJ Fraud Section (the "**DOJ-FS**") and Antitrust Division (the "**DOJ-AD**"), the European Commission, the UK Serious Fraud Office, the Monetary Authority of Singapore, the Japan Financial Services Agency, the prosecutors' office in Trani, Italy and various U.S. state attorneys general are amongst various authorities conducting investigations (the "**Investigations**") into submissions made by the Bank and other financial institutions to the bodies that set or compile various financial benchmarks, such as the London Interbank Offered Rate ("**LIBOR**") and the Euro Interbank Offered Rate ("**EURIBOR**").

On 27 June 2012, the Bank announced that it had reached settlements with the FSA (as predecessor to the FCA), the CFTC and the DOJ-FS in relation to their Investigations and the Bank agreed to pay total penalties of £290 million, which were reflected in operating expenses for 2012. The settlements were made by entry into a Settlement Agreement with the FSA, a Non-Prosecution Agreement ("**NPA**") with the DOJ-FS and a Settlement Order Agreement with the CFTC (the "**CFTC Order**"). In addition, the Bank was granted conditional leniency from the DOJ-AD in connection with potential U.S. antitrust law violations with respect to financial instruments that reference EURIBOR.

The terms of the Settlement Agreement with the FSA are confidential. However, the Final Notice of the FSA, which imposed a financial penalty of £59.5 million, is publicly available on the website of the FCA. This sets out the FSA's reasoning for the penalty, references the settlement principles and sets out the

factual context and justification for the terms imposed. Summaries of the NPA and the CFTC Order are set out below. The full text of the NPA and the CFTC Order are publicly available on the websites of the DOJ and the CFTC, respectively.

In addition to a U.S.\$200 million civil monetary penalty, the CFTC Order requires the Bank to cease and desist from further violations of specified provisions of the U.S. Commodity Exchange Act and take specified steps to ensure the integrity and reliability of its benchmark interest rate submissions, including LIBOR and EURIBOR, and improve related internal controls. Amongst other things, the CFTC Order requires the Bank to:

- make its submissions based on certain specified factors, with the Bank's transactions being given the greatest weight, subject to certain specified adjustments and considerations;
- implement firewalls to prevent improper communications including between traders and submitters;
- prepare and retain certain documents concerning submissions and retain relevant communications;
- implement auditing, monitoring and training measures concerning its submissions and related processes;
- make regular reports to the CFTC concerning compliance with the terms of the CFTC Order;
- use best efforts to encourage the development of rigorous standards for benchmark interest rates; and
- continue to cooperate with the CFTC's ongoing investigation of benchmark interest rates.

As part of the NPA, the Bank agreed to pay a U.S.\$160 million penalty. In addition, the DOJ agreed not to prosecute the Bank for any crimes (except for criminal tax violations, as to which the DOJ cannot and does not make any agreement) related to the Bank's submissions of benchmark interest rates, including LIBOR and EURIBOR, contingent upon the Bank's satisfaction of specified obligations under the NPA. In particular, under the NPA, the Bank agreed for a period of two years from 26 June 2012, amongst other things, to:

- commit no United States crime whatsoever;
- truthfully and completely disclose non-privileged information with respect to the activities of the Bank, its officers and employees, and others concerning all matters about which the DOJ inquires of it, which information can be used for any purpose, except as otherwise limited in the NPA;
- bring to the DOJ's attention all potentially criminal conduct by the Bank or any of its employees that relates to fraud or violations of the laws governing securities and commodities markets; and
- bring to the DOJ's attention all criminal or regulatory investigations, administrative proceedings or civil actions brought by any governmental authority in the United States by or against the Bank or its employees that alleges fraud or violations of the laws governing securities and commodities markets.

The Bank also agreed to cooperate with the DOJ and other government authorities in the United States in connection with any investigation or prosecution arising out of the conduct described in the NPA, which commitment shall remain in force until all such investigations and prosecutions are concluded. The Bank also continues to cooperate with the other ongoing investigations.

Following the settlements announced on 27 June 2012, 38 U.S. state attorneys general commenced their own investigations into LIBOR, EURIBOR and the Tokyo Interbank Offered Rate. The New York Attorney General, on behalf of this coalition of attorneys general, issued a subpoena dated 17 July 2012 to the Bank (and subpoenas to a number of other banks) to produce wide-ranging information and has since issued additional information requests to the Bank for both documents and transactional data.

The Bank is responding to these requests on a rolling basis. In addition, following the settlements the Securities and Futures Ordinance (Cap. 571) of Hong Kong ("**SFO**") announced on 6 July 2012 that it had decided formally to accept the LIBOR matter for investigation, in respect of which the Bank has received and continues to respond to requests for information.

The European Commission has also been conducting investigations into the manipulation of, among other things, EURIBOR. The Company is a party to the European Commission's EURIBOR investigation and continues to cooperate. The European Commission has publicly stated that it hopes to be ready to adopt a decision in respect of its investigations towards the end of 2013.

The CFTC and the FCA are also conducting separate investigations into historical practices with respect to ISDAfix, amongst other benchmarks. The Bank has received and continues to respond to subpoenas and requests for information from the CFTC.

It is not practicable to provide an estimate of the financial impact of the matters described in this section "*Investigations into LIBOR, ISDAfix and other Benchmarks*" or what effect, if any, that these matters might have upon operating results, cash flows or the Group's financial position in any particular period.

Please see "*Legal and Regulatory Proceedings — LIBOR and Other Benchmarks Civil Actions*" for a discussion of litigation arising in connection with the Investigations.

#### *Investigations into Foreign Exchange Trading*

Various regulatory authorities and enforcement authorities have indicated that they are investigating foreign exchange trading, including possible attempts to manipulate certain benchmark currency exchange rates or engage in other activities that would benefit trading positions. The Group has received enquiries from certain of these authorities related to their particular investigations, is reviewing its foreign exchange trading covering a several year period through August 2013 and is cooperating with the relevant authorities in their investigations. It is not possible at this stage for the Group to predict the impact of these investigations on it.

Please see "*Legal and Regulatory Proceedings — Civil Action in Respect of Foreign Exchange Trading*" for a discussion of litigation arising in connection with the Investigations.

#### *Interest Rate Hedging Products Redress*

On 29 June 2012, the FSA announced that a number of UK banks, including the Bank, would be conducting a review and redress exercise in respect of interest rate hedging products sold on or after December 2001 to retail clients or private customers that are categorised as non-sophisticated for the purposes of the review. During the second half of 2012, the Bank completed a pilot review of a sample of individual cases. On 31 January 2013, the FSA issued a report on the findings of an initial pilot review conducted by the Bank and a number of other banks. The report included a number of changes and clarifications to the requirements under which the main review and redress exercise should be conducted and the Bank agreed to conduct the exercise in line with the approach set out in that report.

There are approximately 4,000 retail clients or private customers to which interest rate hedging products were sold within the relevant timeframe, of which approximately 2,900 have been categorised as non-sophisticated under the terms of the agreement. As at 31 December 2012, a provision of £850 million had been recognised, reflecting management's best estimate of future redress to customers categorised as non-sophisticated and related costs. The estimate was based on an extrapolation of the results of the initial pilot exercise across the population. The provision recognised in the balance sheet as at 31 December 2012 was £814 million, after utilisation of £36 million during 2012, primarily related to administrative costs.

During 2013, additional cases have been reviewed providing a larger and more representative sample upon which to base the Bank's provision. As a result, an additional provision of £650 million was recognised as at 30 June 2013, bringing the cumulative expense to £1,500 million. As at 30 June 2013, the provision on the balance sheet was £1,349 million reflecting cumulative utilisation of £151 million. No provision has been recognised in relation to claims from retail clients or private customers categorised as sophisticated, which are not covered by the redress exercise, or incremental consequential loss claims from customers categorised as non-sophisticated. These will be monitored and future provisions will be recognised to the extent an obligation resulting in a probable outflow is identified.

While the Group expects that the provision as at 30 June 2013 will be sufficient to cover the full cost of completing the redress, the appropriate provisions level will be kept under review and it is possible that the eventual costs could materially differ to the extent experience is not in line with management estimates.

### *Payment Protection Insurance Redress*

Following the conclusion of the 2011 Judicial Review regarding the assessment and redress of PPI, a provision for PPI redress of £1.0 billion was raised in May 2011 based on FSA guidelines and historic industry experience in resolving similar claims. Subsequently, further provisions totalling £1.6 billion were raised during 2012.

Due to the rate of decline in monthly claims volumes being less than previously expected, an additional provision of £1.35 billion was recognised in June 2013 (bringing the total provisions to £3.95 billion) to reflect updated assumptions regarding future claims volumes, including a provision for operational costs through to December 2014. As at 30 June 2013 £2.3 billion of the provision has been utilised, leaving a residual provision of £1.65 billion.

The basis of the current provision is calculated from a number of key assumptions which continue to involve significant management judgement and modelling:

- Customer initiated claim volumes – claims received but not yet processed and an estimate of future claims initiated by customers where the volume is anticipated to decline over time
- Proactive response rate – volume of claims in response to proactive mailing
- Uphold rate – the percentage of claims that are upheld as being valid upon review
- Average claim redress – the expected average payment to customers for upheld claims based on the type and age of the policy / policies

The provision also includes an estimate of the Group's claims handling costs and those costs associated with claims that are subsequently referred to the FOS.

The Group will continue to monitor actual claims volumes and the assumptions underlying the calculation of its PPI provision. It is possible that the eventual costs may materially differ to the extent that actual experience is not in line with management estimates.

### *Federal Energy Regulatory Commission Investigation*

The United States Federal Energy Regulatory Commission (the "**FERC**") Office of Enforcement has been investigating the Bank's power trading in the western U.S. with respect to the period from late 2006 through 2008. On 31 October 2012, the FERC issued a public Order to Show Cause and Notice of Proposed Penalties ("**Order and Notice**") against the Bank in relation to this matter. In the Order and Notice the FERC asserts that the Bank violated the FERC's Anti-Manipulation Rule by manipulating the electricity markets in and around California from November 2006 to December 2008, and proposed civil penalties and profit disgorgement to be paid by the Bank. On 16 July 2013 the FERC issued an Order Assessing Civil Penalties in which it assessed a U.S.\$435 million civil penalty against the Bank and ordered the Bank to disgorge an additional U.S.\$34.9 million of profits plus interest (both of which are consistent with the amounts proposed in the Order and Notice). In order to attempt to collect the penalty and disgorgement amount, FERC filed its complaint against the Bank and four of its former traders in Federal Court in California on 9 October 2013. The complaint reiterates the allegations previously made by the FERC in its October 2012 Order and Notice and its July 2013 Order Assessing Civil Penalties. The Group intends to vigorously defend this matter. In September 2013, the Bank was contacted by the criminal division of the United States Attorney's Office in the Southern District of New York and advised that such office is looking at the same conduct at issue in the FERC matter.

### *Credit Default Swap (CDS) Antitrust Investigations*

Both the European Commission and the DOJ-AD have commenced investigations in the CDS market (in 2011 and 2009, respectively). On 1 July 2013 the European Commission addressed a Statement of Objections to the Bank and 12 other banks, Markit and ISDA. The case relates to concerns that certain banks took collective action to delay and prevent the emergence of exchange traded credit derivative products. If the European Commission does reach a decision in this matter it has indicated that it intends to impose sanctions. The European Commission's sanctions can include fines. The DOJ-AD's investigation is a civil investigation and relates to similar issues. Putative class actions alleging similar

issues have also been filed in the U.S. The timing of these cases is uncertain and it is not possible to provide an estimate of the potential financial impact of this matter on the Group.

#### *Lehman Brothers*

On 15 September 2009, motions were filed in the United States Bankruptcy Court for the Southern District of New York (the "**Bankruptcy Court**") by Lehman Brothers Holdings Inc. ("**LBHI**"), the SIPA Trustee for Lehman Brothers Inc. (the "**Trustee**") and the Official Committee of Unsecured Creditors of Lehman Brothers Holdings Inc. (the "**Committee**"). All three motions challenged certain aspects of the transaction pursuant to which Barclays Capital Inc. ("**BCI**") and other companies in the Group acquired most of the assets of Lehman Brothers Inc. ("**LBI**") in September 2008 and the court order approving such sale (the "**Sale**"). The claimants were seeking an order voiding the transfer of certain assets to BCI; requiring BCI to return to the LBI estate alleged excess value BCI received; and declaring that BCI is not entitled to certain assets that it claims pursuant to the sale documents and order approving the Sale (the "**Rule 60 Claims**"). On 16 November 2009, LBHI, the Trustee and the Committee filed separate complaints in the Bankruptcy Court asserting claims against BCI based on the same underlying allegations as the pending motions and seeking relief similar to that which is requested in the motions. On 29 January 2010, BCI filed its response to the motions and also filed a motion seeking delivery of certain assets that LBHI and LBI have failed to deliver as required by the sale documents and the court order approving the Sale (together with the Trustee's competing claims to those assets, the "**Contract Claims**"). Approximately U.S.\$4.5 billion (£3.0 billion) of the assets acquired as part of the acquisition had not been received by 30 June 2013, approximately U.S.\$3.4 billion (£2.3 billion) of which have been recognised as a receivable on the balance sheet as at 30 June 2013. The receivable reflects an increase of U.S.\$0.4 billion (£0.3 billion) recognised in profit or loss during the period, primarily as a result of greater certainty regarding the recoverability of U.S.\$769 million (£0.5 billion) from the Trustee in respect of LBI's 15c3-3 reserve account assets. On 16 July 2013, the Trustee paid this amount to BCI. This results in an effective provision as of 30 June 2013 of U.S.\$1.1 billion (£0.7 billion) against the uncertainty inherent in the litigation and issues relating to the recovery of certain assets held by institutions outside the United States.

On 22 February 2011, the Bankruptcy Court issued its Opinion in relation to these matters, rejecting the Rule 60 Claims and deciding some of the Contract Claims in the Trustee's favour and some in favour of BCI. On 15 July 2011, the Bankruptcy Court entered final Orders implementing its Opinion. BCI and the Trustee each appealed the Bankruptcy Court's adverse rulings on the Contract Claims to the United States District Court for the Southern District of New York (the "**District Court**"). LBHI and the Committee did not pursue an appeal from the Bankruptcy Court's ruling on the Rule 60 Claims. After briefing and argument, the District Court issued its Opinion on 5 June 2012 in which it reversed one of the Bankruptcy Court's rulings on the Contract Claims that had been adverse to BCI and affirmed the Bankruptcy Court's other rulings on the Contract Claims. On 17 July 2012, the District Court issued an amended Opinion, correcting certain errors but not otherwise affecting the rulings, and an agreed judgment implementing the rulings in the Opinion (the "**Judgment**"). BCI and the Trustee have each appealed the adverse rulings of the District Court to the United States Court of Appeals for the Second Circuit.

Under the Judgment, BCI is entitled to receive: (i) U.S.\$1.1 billion (£0.7 billion) from the Trustee in respect of "clearance box" assets; (ii) property held at various institutions to secure obligations under the exchange traded derivatives transferred to BCI in the Sale (the "**ETD Margin**"), subject to the proviso that BCI will be entitled to receive U.S.\$507 million (£0.3 billion) of the ETD Margin only if and to the extent the Trustee has assets available once the Trustee has satisfied all of LBI's customer claims; and (iii) U.S.\$769 million (£0.5 billion) from the Trustee in respect of LBI's 15c3-3 reserve account assets only if and to the extent the Trustee has assets available once the Trustee has satisfied all of LBI's customer claims.

A portion of the ETD Margin which has not yet been recovered by BCI or the Trustee is held or owed by certain institutions outside the United States (including several Lehman affiliates that are subject to insolvency or similar proceedings). As at the date of this Base Prospectus, the Bank cannot reliably estimate how much of the ETD Margin held or owed by such institutions BCI is ultimately likely to receive. On 7 June 2013, the Trustee announced that it was commencing additional distributions to former securities customers of LBI and would continue to make distributions until all customer claims have been fully paid. On 2 July 2013, the Trustee notified BCI that such distributions were "substantially complete." Pursuant to a Stipulation and Order dated 24 April 2013, the Trustee had previously reserved U.S.\$5.6 billion (£3.7 billion) which was to be available to pay any amounts ultimately due to BCI, including the



U.S.\$507 million (£0.3 billion) in respect of ETD Margin and the U.S.\$769 million (£0.5 billion) in respect of LBI's 15c3-3 reserve account assets. On 16 July 2013, the Trustee paid BCI the U.S.\$769 million (£0.5 billion).

The U.S.\$3.4 billion (£2.3 billion) recognised on the Bank's balance sheet as at 30 June 2013 is consistent with a scenario in which the District Court's rulings are unaffected by future proceedings, but conservatively assuming no recovery by BCI of any of the ETD Margin not yet recovered by BCI or the Trustee that is held or owed by institutions outside the United States. In such case, to the extent BCI recovers ETD Margin held or owed by institutions outside of the United States, the value of such recovered margin would therefore result in a gain to BCI. However, there remains a significant degree of uncertainty with respect to the value of such ETD Margin to which BCI is entitled or that BCI may recover. In a worst case scenario in which the Court of Appeals reverses the District Court's rulings and determines that the Company is not entitled to any of the clearance box assets or ETD Margin, the Company estimates that, after taking into account its effective provision, its total losses would be approximately U.S.\$6.0bn (£4.0bn). Approximately, U.S.\$3.3bn (£2.2bn) of that loss would relate to clearance box assets and ETD Margin previously received by the Company and prejudgement and post-judgement interest on such clearance box assets and ETD Margin that would have to be returned or paid to the Trustee. In this context, the Company is satisfied with the valuation of the asset recognised on its balance sheet and the resulting level of effective provision.

#### *American Depositary Shares*

The Company, the Bank and various current and former members of the Company's Board of Directors have been named as defendants in five proposed securities class actions (which have been consolidated) pending in the United States District Court for the Southern District of New York (the "**Court**"). The consolidated amended complaint, dated 12 February 2010, alleges that the registration statements relating to American Depositary Shares representing preferred stock, series 2, 3, 4 and 5 (the "**Preferred Stock ADS**") offered by the Bank at various times between 2006 and 2008 contained misstatements and omissions concerning (amongst other things) the Bank's portfolio of mortgage-related (including U.S. subprime-related) securities, the Bank's exposure to mortgage and credit market risk and the Bank's financial condition. The consolidated amended complaint asserts claims under Sections 11, 12(a)(2) and 15 of the Securities Act of 1933. In January 2011, the Court granted the defendants' motion to dismiss the complaint in its entirety, closing the case. In February 2011, the plaintiffs filed a motion asking the Court to reconsider in part its dismissal order, and, in May 2011, the Court denied in full the plaintiffs' motion for reconsideration. The plaintiffs appealed both decisions (the grant of the defendants' motion to dismiss and the denial of the plaintiffs' motion for reconsideration) to the United States Court of Appeals for the Second Circuit (the "**Second Circuit**").

On 19 August 2013, the Second Circuit upheld the dismissal of the plaintiffs' claims related to the series 2, 3 and 4 offerings finding that they were time barred. However, the Second Circuit ruled that the plaintiffs should have been permitted to file an amended complaint in relation to the series 5 offering claims. The actions have been sent back to the Court by the Second Circuit and the plaintiffs have been granted leave to file their amended complaint as it relates to the series 5 offering claims.

The Bank considers that these Preferred Stock ADS-related claims against it are without merit and is defending them vigorously. As at the date of this Base Prospectus, it is not practicable to estimate the Barclays PLC group's possible loss in relation to these claims or any effect that they might have upon operating results in any particular financial period.

#### *Mortgage Related Activity and Litigation*

The Group's activities within the US residential mortgage sector during the period of 2005 through 2008 included sponsoring and underwriting of approximately U.S.\$39 billion of private-label securitisations; underwriting of approximately U.S.\$34 billion of other private-label securitisations; sales of approximately U.S.\$0.2 billion of loans to government sponsored enterprises ("**GSEs**"); and sales of approximately U.S.\$3 billion of loans to others. In addition during this time period, approximately U.S.\$19.4 billion of loans (net of approximately U.S.\$500 million of loans sold during this period and already repurchased) were also originated and sold to third parties by a mortgage originator that the Group acquired in 2007 (the "**Acquired Subsidiary**").

In connection with the Group's loan sales and sponsored private-label securitisations, the Group provided certain loan level representations and warranties ("R&Ws") generally relating to the underlying mortgages, the property, mortgage documentation and/or compliance with law. The Group was the sole provider of R&Ws with respect to approximately U.S.\$5 billion of the Group sponsored securitizations, approximately U.S.\$0.2 billion of sales of loans to GSEs, and the approximately U.S.\$3 billion of loans sold to others. In addition, the Acquired Subsidiary was the sole provider of R&Ws on all of the loans it sold to third parties. Other than approximately U.S.\$1 billion of loans sold to others for which R&Ws expired prior to 2012, there are no expiration provisions applicable to the R&Ws made by the Group or the Acquired Subsidiary. The Group R&Ws with respect to the U.S.\$3 billion of loans sold to others are related to loans that were generally sold at significant discounts and contained more limited R&Ws than loans sold to GSEs, the loans sold by the Acquired Subsidiary or those provided by the Group on approximately U.S.\$5 billion of the Group sponsored securitisations discussed above. R&Ws on the remaining approximately U.S.\$34 billion of the Group sponsored securitisations were primarily provided by third party originators directly to the securitisation trusts with the Group, as depositor to the securitisation trusts, providing more limited R&Ws. Under certain circumstances, the Group may be required to repurchase the related loans or make other payments related to such loans if the R&Ws are breached. Total unresolved repurchase requests associated with all R&Ws made by the Group or the Acquired Subsidiary on loans sold to GSEs and others and private-label activities were £0.4 billion at 30 June 2013. Some of these unresolved repurchase claims relate to actions that have been commenced by the trustees for certain RMBS securitizations, Deutsche Bank National Trust Company and US Bank, National Association, in which the trustees allege that the Group must repurchase loans that violated the operative R&Ws. Complaints have only been filed in some of these actions, and because all of these actions are at preliminary stages, it is not practicable to provide an estimate of the impact of any of these actions.

In addition, the U.S. Federal Housing Finance Agency ("FHFA"), acting for two U.S. government sponsored enterprises, Fannie Mae and Freddie Mac (collectively, the "GSEs"), filed lawsuits against 17 financial institutions in connection with the GSEs' purchases of residential mortgage-backed securities ("RMBS"). The lawsuits allege, amongst other things, that the RMBS offering materials contained materially false and misleading statements and/or omissions. The Bank and/or certain of its affiliates or former employees are named in two of these lawsuits, relating to sales between 2005 and 2007 of RMBS, in which a Group subsidiary was lead or co-lead underwriter.

Both complaints demand, amongst other things: rescission and recovery of the consideration paid for the RMBS; and recovery for the GSEs' alleged monetary losses arising out of their ownership of the RMBS. The complaints are similar to other civil actions filed against the Bank and/or certain of its affiliates by other plaintiffs, including the Federal Home Loan Bank of Seattle, Federal Home Loan Bank of Boston, Federal Home Loan Bank of Chicago, Cambridge Place Investment Management, Inc., HSH Nordbank AG (and affiliates), Sealink Funding Limited, Landesbank Baden-Württemberg (and affiliates), Deutsche Zentral-Genossenschaftsbank AG (and affiliates) and Stichting Pensioenfonds ABP, Royal Park Investments SA/NV, Bayerische Landesbank, John Hancock Life Insurance Company (and affiliates), Prudential Life Insurance Company of America (and affiliates) and the National Credit Union Administration relating to purchases of RMBS. The Company considers that the claims against it are without merit and intends to defend them vigorously.

The original amount of RMBS related to the claims against the Group in the FHFA cases and the other civil actions against the Group totalled approximately U.S.\$8.7 billion, of which approximately U.S.\$2.6 billion was outstanding as at 30 June 2013. Cumulative losses reported on these RMBS as at 30 June 2013 were approximately U.S.\$0.5 billion. If the Group were to lose these cases the Group believes it could incur a loss of up to the outstanding amount of the RMBS at the time of judgment (taking into account further principal payments after 30 June 2013), plus any cumulative losses on the RMBS at such time and any interest, fees and costs, less the market value of the RMBS at such time. The Group has estimated the total market value of the RMBS as at 30 June 2013 to be approximately U.S.\$1.6 billion. The Bank may be entitled to indemnification for a portion of any losses. These figures do not include two related class actions brought on behalf of a putative class of investors in RMBS issued by Countrywide and underwritten by other underwriters, in which the Group is indemnified by Countrywide, or a second lawsuit commenced by the National Credit Union Administration in the second half of 2013 related to U.S.\$293 million of additional RMBS.

### *Devonshire Trust*

On 13 January 2009, the Bank commenced an action in the Ontario Superior Court (the "**Court**") seeking an order that its early terminations earlier that day of two credit default swaps under an ISDA Master Agreement with the Devonshire Trust ("**Devonshire**"), an asset-backed commercial paper conduit trust, were valid. On the same day, Devonshire purported to terminate the swaps on the ground that the Bank had failed to provide liquidity support to Devonshire's commercial paper when required to do so. On 7 September 2011, the Court ruled that the Bank's early terminations were invalid, Devonshire's early terminations were valid and, consequently, Devonshire was entitled to receive back from the Company cash collateral of approximately C\$533 million together with accrued interest thereon. The Bank appealed the Court's decision to the Court of Appeal for Ontario. On 26 July 2013, the Court of Appeal delivered its decision dismissing the Bank's appeal. The Company is currently considering its options with respect to the decision. If the Court of Appeal's decision were to be unaffected by future proceedings, the Bank estimates that its loss would be approximately C\$500 million, less any impairment provisions recognised to date. The Company has updated these provisions to take full account of the Court of Appeal's decision.

### *LIBOR and other Benchmarks Civil Actions*

Following the settlements of the Investigations referred to in "*Legal and Regulatory Proceedings – Investigations into LIBOR, ISDAfix and other Benchmarks*", a number of individuals and corporates in a range of jurisdictions have threatened or brought civil actions against the Group in relation to LIBOR and/or other benchmarks. As at the date of this Base Prospectus, it is not possible to estimate the Group's possible loss in relation to these claims or what effect, if any, they might have upon operating results, cash flows or the Group's financial position in any particular financial period.

The Bank and other banks have been named as defendants in class action and non-class action lawsuits pending in United States Federal Courts in connection with their roles as contributor panel banks to U.S. Dollar LIBOR, the first of which was filed on 15 April 2011. The complaints are substantially similar and allege, amongst other things, that the Bank and the other banks individually and collectively violated various provisions of the Sherman Act, the U.S. Commodity Exchange Act, the Racketeer Influenced and Corrupt Organizations Act (RICO) and various state laws by suppressing or otherwise manipulating U.S. Dollar LIBOR rates. The lawsuits seek an unspecified amount of damages with the exception of two lawsuits, in which the plaintiffs are seeking a combined total of approximately U.S.\$810 million in actual damages against all defendants, including the Bank, plus punitive damages. Some of the lawsuits also seek trebling of damages under the Sherman and RICO Acts. The proposed class actions purport to be brought on behalf of (amongst others) plaintiffs that (i) engaged in U.S. Dollar LIBOR-linked over-the-counter transactions; (ii) purchased U.S. Dollar LIBOR-linked financial instruments on an exchange; (iii) purchased U.S. Dollar LIBOR-linked debt securities; (iv) purchased adjustable-rate mortgages linked to U.S. Dollar LIBOR; or (v) issued loans linked to U.S. Dollar LIBOR. The majority of the U.S. Dollar LIBOR cases are consolidated before one United States District Court in the Southern District of New York (the "**Court**"). On 29 March 2013, the Court issued a decision dismissing the majority of claims against the Bank and other panel bank defendants in six leading cases, including three proposed class actions.

Following the decision, plaintiffs in the three proposed class actions moved the Court for permission to either file an amended complaint or appeal an aspect of the decision.

On 23 August 2013, the Court issued an order denying the majority of the motions presented by the three proposed class action plaintiffs. As a result of this order, a proposed class action pertaining to the purchase of U.S. Dollar LIBOR-linked debt securities has been dismissed entirely; the claims alleged in a proposed class action pertaining to the purchase of U.S. Dollar-linked financial instruments on an exchange are limited to claims under the U.S. Commodity Exchange Act; and the claims in a proposed class action relating to allegations of plaintiffs that engaged in U.S. Dollar LIBOR-linked over-the-counter transactions are limited to claims for unjust enrichment and breach of implied covenant of good faith and fair dealing. On 17 September 2013 and 24 September 2013, plaintiffs in one class action and three individual actions, all of which were dismissed by Judge Buchwald's 29 March decision, filed notices of appeal. On 30 October 2013, the Second Circuit dismissed the appeals because it found the Court has not yet entered final judgment. On 31 October 2013, the Court denied the requests of other plaintiffs to appeal the 29 March decision. Accordingly, there are currently no claims decided by Judge Buchwald on appeal.

Until there are further decisions, the ultimate impact of the Court's 29 March and 23 August decisions will be unclear, although it is possible that the decision will be interpreted by courts to affect other litigation, including the actions described below, some of which concern different benchmark interest rates.

An additional individual U.S. Dollar LIBOR action was commenced on 13 February 2013 in the United States District Court for the Southern District of New York (the "**District Court**") against the Bank and other banks. Plaintiffs allege that defendants conspired to increase U.S. Dollar LIBOR, which caused the value of bonds pledged as collateral for a loan to decrease, ultimately resulting in the sale of the bonds at the bottom of the market. This action has been assigned to a different judge in the Southern District of New York, and is proceeding on a different schedule than is the consolidated action, with a motion to dismiss to be fully submitted to the court by the end of 2013.

An additional class action was commenced on 30 April 2012 in the United States District Court for the Southern District of New York against the Bank and other Japanese Yen LIBOR panel banks by plaintiffs involved in exchange-traded derivatives. The complaint also names members of the Japanese Bankers Association's Euroyen Tokyo Interbank Offered Rate ("**TIBOR**") panel, of which the Bank is not a member. The complaint alleges, amongst other things, manipulation of the Euroyen TIBOR and Yen LIBOR rates and breaches of U.S. antitrust laws between 2006 and 2010. The defendants have filed a motion to dismiss, which was fully submitted to the court on 27 September 2013. Oral argument on the motion to dismiss is scheduled for 29 January 2014.

On 31 October 2013, Fannie Mae filed suit in the Southern District of New York against nine LIBOR panel banks, including the Bank, and the BBA, claiming an estimated U.S.\$800 million in damages, plus an unspecified amount of punitive damages. In the complaint, Fannie Mae alleges the banks suppressed the US Dollar LIBOR rate causing Fannie Mae to lose at least U.S.\$332 million on interest rate swaps that it used to hedge the risks of mortgage investments. Fannie Mae also alleges that it suffered damages as a result of its purchase of other LIBOR-indexed products, including mortgages, mortgage backed securities, and variable-rate loans. It is not practicable at this stage for the Bank to provide an estimate of the impact of this suit by Fannie Mae.

On 12 February 2013, a class action was commenced against the Bank and other EURIBOR panel banks by plaintiffs that purchased or sold a NYSE LIFFE EURIBOR futures contract. An amended complaint was filed on 2 November 2013, which expanded the purported class to include purchasers of "Euro currency futures contracts" on the Chicago Mercantile Exchange and purchasers of interest rate swaps and other financial instruments linked to Euribor entered into by a U.S. person or entity from a location within the U.S. The amended complaint alleges manipulation of the EURIBOR rate and violations of the U.S. Commodity Exchange Act and Sherman Act beginning as early as 1 June 2005 and continuing through 31 March 2011. The action is currently pending in the United States District Court for the Southern District of New York. The plaintiffs have indicated that they plan to file a second amended complaint in early 2014.

In addition, the Bank has been granted conditional leniency from the DOJ-AD in connection with potential U.S. antitrust law violations with respect to financial instruments that reference EURIBOR. As a result of that grant of conditional leniency, the Bank is eligible for (i) a limit on liability to actual rather than treble damages if damages were to be awarded in any civil antitrust action under U.S. antitrust law based on conduct covered by the conditional leniency and (ii) relief from potential joint-and-several liability in connection with such civil antitrust action, subject to the Bank satisfying the DOJ and the court presiding over the civil litigation of its satisfaction of its cooperation obligations.

The Bank has also been named as a defendant along with four current and former officers and directors of the Bank in a proposed securities class action pending in the United States District Court for the Southern District of New York in connection with the Bank's role as a contributor panel bank to LIBOR. The complaint principally alleges that the Bank's Annual Reports for the years 2006 to 2011 contained misstatements and omissions concerning (amongst other things) the Bank's compliance with its operational risk management processes and certain laws and regulations. The complaint also alleged that the Bank's daily U.S. Dollar LIBOR submissions constituted false statements in violation of U.S. securities law. The complaint was brought on behalf of a proposed class consisting of all persons or entities that purchased American Depositary Receipts sponsored by the Bank on an American securities exchange between 10 July 2007 and 27 June 2012. The complaint asserts claims under Sections 10(b) and 20(a) of the U.S. Securities Exchange Act 1934. On 13 May 2013, the court granted the Bank's motion to

dismiss the complaint in its entirety. Plaintiffs' motion for reconsideration of that dismissal was denied on 13 June 2013. Plaintiffs filed a notice of appeal with the United States Court of Appeals for the Second Circuit on 12 July 2013, and the appeal was fully submitted to the Court of Appeal on 21 September 2013. No date has been set for oral argument on the appeal.

In addition to U.S. actions, legal proceedings have been brought or threatened against the Bank in connection with alleged manipulation of LIBOR and EURIBOR, in a number of jurisdictions, including England and Wales and Italy. The number of such proceedings, the benchmarks to which they relate and the jurisdiction in which they may be brought are anticipated to increase over time.

It is not practicable to provide an estimate of the financial impact of the potential exposure of any of the actions described or what effect, if any, that they might have upon operating results, cash flows or the Group's financial position in any particular period.

#### *Civil Action in Respect of Foreign Exchange Trading*

On 1 November 2013, a civil action on behalf of a purported class of plaintiffs was filed in the U.S. District Court for the Southern District of New York alleging manipulation of foreign exchange markets in violation of the US Sherman Act and naming several international banks as defendants, including the Bank. It is not practicable at this stage for the Group to predict the impact of the civil action or any additional civil actions that may be commenced in the future.

Please see "*Legal and Regulatory Proceedings — Investigations into foreign exchange trading*" for a discussion of litigation arising in connection with the Investigations.

#### *Other Legal and Regulatory Proceedings*

The Company, the Bank and the Group are engaged in various other legal and regulatory proceedings both in the United Kingdom and a number of overseas jurisdictions, including the United States, involving claims by and against it which arise in the ordinary course of business, including debt collection, consumer claims and contractual disputes. The Group does not expect the ultimate resolution of any of these other proceedings to which the Group is party to have a material adverse effect on its results of operations, cash flows or the financial position of the Group and the Group has not disclosed the contingent liabilities associated with these claims either because they cannot reliably be estimated or because such disclosure could be prejudicial to the conduct of the claims. Provisions have been recognised for those cases where the Group is able reliably to estimate the probable loss where the probable loss is not *de minimis*.

In relation to Card Protection Plan Limited ("**CPP**"), on the 22 August 2013 the FCA announced that it had reached an agreement with CPP and 13 high street banks and credit card issuers, including the Company, for redress to be paid to customers who were mis-sold CPP's Card Protection and Identity Protection policies. As at 30 June 2013, a provision, based upon a number of assumptions including expected customer response rates, was held for the cost of redress and associated operational costs. Taking into account information known at this early stage of the redress process, the Company considers that its existing provision is adequate.

## UNITED KINGDOM TAXATION

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

### **UK Withholding Tax on UK Source Interest**

1. Any Notes issued by any of the Bank or the Company which carry a right to interest will constitute "quoted Eurobonds" provided they are and continue to be listed on a recognised stock exchange. Whilst the Notes are and continue to be quoted Eurobonds, payments of interest by the relevant Issuer on the Notes may be made without withholding or deduction for or on account of United Kingdom income tax.

Notes will be "listed on a recognised stock exchange" for this purpose if they are admitted to trading on an exchange designated as a recognised stock exchange by an order made by the Commissioners for HMRC and either they are included in the United Kingdom official list (within the meaning of Part 6 of the Financial Services and Markets Act 2000) or they are officially listed, in accordance with provisions corresponding to those generally applicable in European Economic Area states, in a country outside the United Kingdom in which there is a recognised stock exchange.

The London Stock Exchange is a recognised stock exchange, and accordingly the Notes will constitute quoted Eurobonds provided they are and continue to be included in the United Kingdom official list and admitted to trading on the Regulated Market of that Exchange.

2. In addition to the exemption set out in 1 above, interest on the Notes may be paid without withholding or deduction for or on account of United Kingdom income tax provided that the relevant Issuer is and continues to be a "bank" within the meaning of section 991 of the Income Tax Act 2007 and the interest on the Notes is paid in the ordinary course of its business within the meaning of section 878 of the Income Tax Act 2007. In accordance with the published practice of HMRC, such payments will be accepted as being made in the ordinary course of business unless either:
  - (i) the borrowing in question conforms to any of the definitions of tier 1, 2 or 3 capital adopted by the PRA whether or not it actually counts towards tier 1, 2 or 3 capital for regulatory purposes; or
  - (ii) the characteristics of the transaction giving rise to the interest are primarily attributable to an intention to avoid United Kingdom tax.

The Bank and the Company understand that HMRC are proposing to withdraw the published statement of practice referred to above as part of a package of proposed measures relating to the taxation of regulatory capital securities (see paragraph 5 below for a discussion of some of the possible consequences of this proposed package of measures). It is unclear at present whether a replacement statement of practice will be published and whether there is any change in HMRC's

views on the question of when an interest payment is made by a bank in the ordinary course of business.

3. It should be noted that the exemption described in 2 above will currently only be relevant in the case of Notes issued by the Bank and not to any Notes issued by the Company.
4. In all cases falling outside the exemptions described in 1 and 2 above, interest on the Notes may fall to be paid under deduction of United Kingdom income tax at the basic rate (currently 20 per cent.) subject to such relief as may be available following a direction from HMRC pursuant to the provisions of any applicable double taxation treaty or to any other exemption which may apply. However, such withholding or deduction will not apply if the relevant interest is paid on Notes with a maturity of less than one year from the date of issue and which are not issued under arrangements the effect of which is to render such Notes part of a borrowing with a total term of a year or more.
5. On 25 November 2013, a second draft U.K. Taxation of Regulatory Capital Securities Regulations 2013 was published. If made law in their currently proposed form, these draft regulations would have the effect (among other things) of (a) preventing the United Kingdom withholding tax exemption referred to in 2 above from applying to interest payments on a regulatory capital securities (as defined in the draft regulations), and (b) introducing a new United Kingdom withholding tax exemption applicable to interest payments on regulatory capital securities (as defined in the regulations) provided certain conditions are met.

#### **Provision of Information**

6. HMRC have powers to obtain information, including in relation to interest or payments treated as interest and payments derived from Notes. This may include details of the beneficial owners of the Notes (or the persons for whom the Notes are held), details of the persons to whom payments derived from the Notes are or may be paid and information in connection with transactions relating to the Notes. Information obtained by HMRC may be provided to tax authorities in other countries.

The provisions referred to above may also apply, in certain circumstances, to payments made on redemption of any Notes which constitute "deeply discounted securities" for the purposes of Schedule 23, Finance Act 2011 (although, in this regards, HMRC published guidance for the year 2013/2014 indicates that HMRC will not exercise its power to obtain information in relation to such payments in that year).

Information may also be required to be reported in accordance with regulations made pursuant to the EU Savings Directive (see below).

#### **EU Savings Directive**

7. Under EC Council Directive 2003/48/EC on the taxation of savings income, each EU Member State is required to provide to the tax authorities of another EU Member State details of payments of interest or other similar income paid by a person within its jurisdiction to, or collected by such a person for, an individual resident or certain limited types of entity established in that other EU Member State; however, for a transitional period, Austria and Luxembourg may instead apply a withholding system in relation to such payments, deducting tax at a rate of 35 per cent. (subject to a procedure whereby, on meeting certain conditions, the beneficial owner of the interest or other income may request that no tax be withheld) unless during such period they elect otherwise. The transitional period is to terminate at the end of the first full fiscal year following agreement by certain non-EU countries to the exchange of information relating to such payments.

Luxembourg has announced that it will no longer apply the withholding tax system as from 1 January 2015 and will provide details of payments of interest (or similar income) as from this date.

A number of non-EU countries including Switzerland, and certain dependent or associated territories of certain EU Member States, have adopted similar measures (either provision of information or transitional withholding) in relation to payments made by a person within its jurisdiction to, or collected by such a person for, an individual resident or certain limited types of

entity established in an EU Member State. In addition, the EU Member States have entered into provision of information or transitional withholding arrangements with certain of those dependent or associated territories in relation to payments made by a person in an EU Member State to, or collected by such a person for, an individual resident or certain limited types of entity established in one of those territories.

The European Commission has proposed certain amendments to the Directive which may, if implemented, amend or broaden the scope of the requirements described above. Investors who are in any doubt as to their position should consult their professional advisers.

Where a deduction or withholding is imposed on a payment to an individual as described above pursuant to the EU Savings Directive or any law implementing or complying with, or introduced in order to conform to the EU Savings Directive, the relevant Issuer is under no obligation to pay additional amounts to ensure that the net amounts received by the Noteholder after such deduction or withholding are equal the amounts which would have been receivable in the absence of such deduction or withholding.

The relevant Issuer will, however, ensure that at all times it maintains a paying agent in an EU Member State that will not be obliged to withhold or deduct tax pursuant to the EU Savings Directive or any law implementing or complying with, or introduced to conform to, the EU Savings Directive.

#### **Other Rules Relating to United Kingdom Withholding Tax**

8. Notes may be issued at an issue price of less than 100 per cent. of their principal amount. Any discount element of such Notes will not generally be subject to any United Kingdom withholding tax pursuant to the provisions mentioned in 1 to 5 above, but may be subject to the reporting requirements outlined in 6 and 7 above.

Where Notes are to be, or may fall to be, redeemed at a premium, as opposed to being issued at a discount, then any such element of premium may constitute a payment of interest. Payments of interest are subject to United Kingdom withholding tax and reporting requirements as outlined above.

Where interest has been paid under deduction of United Kingdom income tax, Noteholders who are not resident in the United Kingdom may be able to recover all or part of the tax deducted if there is an appropriate provision in any applicable double taxation treaty.

The references to "interest" above mean "interest" as understood in United Kingdom tax law. The statements above do not take any account of any different definitions of "interest" or "principal" which may prevail under any other law or which may be created by the terms and conditions of the Notes or any related documentation. Where a payment on a Note does not constitute (or is not treated as) interest for United Kingdom tax purposes, and the payment has a United Kingdom source, it would potentially be subject to United Kingdom withholding tax if, for example, it constitutes (or is treated as) an annual payment or a manufactured payment for United Kingdom tax purposes (which will be determined by, amongst other things, the terms and conditions specified by the Final Terms of the Note). In such a case, the payment may fall to be made under deduction of United Kingdom tax (the rate of withholding depending on the nature of the payment), subject to such relief as may be available following a direction from HMRC pursuant to the provisions of any applicable double taxation treaty, or to any other exemption which may apply.

The above description of the United Kingdom withholding tax position assumes that there will be no substitution of the Bank or the Company as issuer pursuant to Condition 18 (*Meetings of Noteholders; Modification and Waiver; Substitution*) of the Notes or otherwise and does not consider the tax consequences of any such substitution.

#### **The proposed financial transactions tax ("FTT")**

9. 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 Notes (including secondary market transactions) in certain circumstances. The issuance and subscription of Notes 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 Notes where at least one party is a financial institution, and at least one party is established in a participating Member State. A financial institution may be, or be deemed to be, "established" in a participating Member State in a broad range of circumstances, including (a) by transacting with a person established in a participating Member State or (b) where the financial instrument which is subject to the dealings is issued in a participating Member State.

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

## U.S. WITHHOLDING TAX UNDER FATCA

In order to receive payments free of U.S. withholding tax under Sections 1471 through 1474 of the U.S. Internal Revenue Code (commonly referred to as "**FATCA**"), the Issuers and financial institutions through which payments on the Notes are made may be required to withhold at a rate of up to 30 per cent. on all, or a portion of, payments in respect of the Notes made after 31 December 2016. This withholding does not apply to payments on Notes that are issued prior to the date that is six months after the date on which the final regulations that define "foreign passthru payments" are published) unless the Notes are characterized as equity for U.S. federal income tax purposes

The Issuers may enter into an agreement with the U.S. Internal Revenue Service ("**IRS**") to provide certain information about investors. Under such an agreement, withholding may be triggered if: (a) an investor does not provide information sufficient for the relevant party to determine whether the investor is a U.S. person or should otherwise be treated as holding a "United States Account" of us, (b) an investor does not consent, where necessary, to have its information disclosed to the IRS or (c) any investor or person through which payment on the Notes is made is not able to receive payments free of withholding under FATCA.

The United States and the United Kingdom entered into an intergovernmental agreement to implement FATCA (the "**UK IGA**"). Under the current provisions of the UK IGA, a foreign financial institution that is treated as resident in the United Kingdom and that complies with the requirements of the UK IGA, will not be subject to FATCA withholding on payments it receives and will not be required to withhold on payments of non-U.S. source income. The United States is in the process of negotiating intergovernmental agreements to implement FATCA with a number of other jurisdictions. Different rules than those described above may apply if a payee is resident in a jurisdiction that has entered into an intergovernmental agreement to implement FATCA.

Whilst the Notes are in global form and held within Euroclear or Clearstream (together, the "**ICSDs**"), it is expected that FATCA will not affect the amount of any payments made under, or in respect of, the Notes by us, any paying agent and the depositary, common depositary or common safekeeper, given that each of the entities in the payment chain beginning with us and ending with the ICSDs is a major financial institution whose business is dependent on compliance with FATCA and that any alternative approach introduced under an intergovernmental agreement will be unlikely to affect the Notes. The documentation expressly contemplates the possibility that the Notes may go into definitive form and therefore that they may be taken out of the ICSDs. If this were to happen, then a non-FATCA compliant holder could be subject to withholding. However, Definitive Notes will only be printed in remote circumstances.

## UNITED STATES FEDERAL INCOME TAXATION

*To ensure compliance with Internal Revenue Service Circular 230, U.S. Holders are hereby notified that: (a) any discussion of federal tax issues in this Base Prospectus is not intended or written by us to be relied upon, and cannot be relied upon by U.S. Holders for the purpose of avoiding penalties that may be imposed on U.S. Holders under the Internal Revenue Code; (b) such discussion is written to support the promotion or marketing of the transactions or matters addressed herein; and (c) U.S. Holders should seek advice based on their particular circumstances from an independent tax adviser.*

The following is a summary of certain material U.S. federal income tax consequences of the acquisition, ownership and disposition of Notes by a U.S. Holder.

As used herein, the term "U.S. Holder" means a beneficial owner of Notes that is, for U.S. federal income tax purposes, (i) a citizen or resident of the United States, (ii) a corporation created or organised under the laws of the United States or any State thereof, (iii) an estate the income of which is subject to U.S. federal income tax without regard to its source or (iv) a trust if a court within the United States is able to exercise primary supervision over the administration of the trust and one or more U.S. persons have the authority to control all substantial decisions of the trust, or the trust has elected to be treated as a domestic trust for U.S. federal income tax purposes.

This summary does not address the material U.S. federal income tax consequences of every type of Note which may be issued under the Programme, and the relevant Final Terms will contain additional or modified disclosure concerning the material U.S. federal income tax consequences relevant to such type of Note as appropriate. This summary deals only with purchasers of Notes that are U.S. Holders and that will hold the Notes as capital assets. The discussion does not cover all aspects of U.S. federal income taxation that may be relevant to, or the actual tax effect that any of the matters described herein will have on, the acquisition, ownership or disposition of Notes by particular investors, and does not address state, local, foreign or other tax laws. In particular, this summary does not address tax considerations applicable to investors that own or are treated as owning (directly or indirectly) 10 per cent. or more of the voting stock of either Issuer, nor does this summary discuss all of the tax considerations that may be relevant to certain types of investors subject to special treatment under the U.S. federal income tax laws (such as financial institutions, insurance companies, investors liable for the alternative minimum tax, individual retirement accounts and other tax-deferred accounts, tax-exempt organisations, dealers in securities or currencies, investors that will hold the Notes as part of straddles, hedging transactions or conversion transactions for U.S. federal income tax purposes or investors whose functional currency is not the U.S. dollar). Moreover, the summary does not address the U.S. federal income tax treatment of any Notes for which payments of principal or interest are denominated in, or determined by reference to, more than one currency.

The U.S. federal income tax treatment of a partner in a partnership that holds Notes will depend on the status of the partner and the activities of the partnership. Prospective purchasers that are partnerships should consult their tax adviser concerning the U.S. federal income tax consequences to their partners of the acquisition, ownership and disposition of Notes by the partnership.

The summary is based on the tax laws of the United States including the Internal Revenue Code of 1986, as amended, its legislative history, existing and proposed regulations thereunder, published rulings and court decisions, all as currently in effect and all subject to change at any time, possibly with retroactive effect.

Bearer Notes are not being offered to U.S. Holders. A U.S. Holder who owns a Bearer Note may be subject to limitations under United States income tax laws, including limitations provided in sections 165(j) and 1287(a) of the United States Internal Revenue Code.

**THE SUMMARY OF U.S. FEDERAL INCOME TAX CONSEQUENCES SET OUT BELOW IS FOR GENERAL INFORMATION ONLY. PROSPECTIVE PURCHASERS SHOULD CONSULT THEIR TAX ADVISERS AS TO THE PARTICULAR TAX CONSEQUENCES TO THEM OF OWNING THE NOTES, THE APPLICABILITY AND EFFECT OF STATE, LOCAL, FOREIGN AND OTHER TAX LAWS AND POSSIBLE CHANGES IN TAX LAW.**

## Characterisation of the Notes

The determination whether an obligation represents a debt or equity interest is based on all the relevant facts and circumstances, and courts at times have held that obligations purporting to be debt constituted equity for U.S. federal income tax purposes. There are no regulations, published rulings or judicial decisions addressing the characterisation for U.S. federal income tax purposes of securities with terms substantially the same as the Tier 2 Capital Notes. The applicable Final Terms will indicate whether the relevant Issuer intends to treat a particular series of Tier 2 Capital Notes as equity for U.S. federal income tax purposes.

Prospective purchasers should consult their tax advisers regarding the appropriate characterisation of any Tier 2 Capital Notes.

## Notes Treated as Debt of the relevant Issuer

The following discussion applies to Notes that are properly treated as debt obligations of the relevant Issuer.

### Payments of Interest

#### *General*

Interest on a Note, whether payable in U.S. dollars or a currency, composite currency or basket of currencies other than U.S. dollars (a "**foreign currency**"), other than interest on a Note with a term of one year or less (a "**Short-Term Note**") treated as issued with original issue discount ("**OID**") (a "**Discount Note**"), that is not interest which is unconditionally payable at least annually at a single fixed rate (with certain exceptions for lower rates paid during some periods), or a variable rate (in the circumstances described below under "*Original Issue Discount — Variable Interest Rate Notes*"), applied to the outstanding principal amount of the Note ("**qualified stated interest**"), will be taxable to a U.S. Holder as ordinary income at the time it is received or accrued, depending on the holder's method of accounting for tax purposes. Interest paid by an Issuer on the Notes and OID, if any, accrued with respect to the Notes generally will constitute income from sources outside the United States.

#### *Effect of United Kingdom Withholding Taxes*

As discussed in "*United Kingdom Taxation*," under current law payments of interest in respect of certain Notes may be subject to United Kingdom withholding taxes. As discussed under "*Terms and Conditions of the Notes - Taxation*", an Issuer may become liable for the payment of additional amounts to U.S. Holders so that U.S. Holders receive the same amounts they would have received had no United Kingdom withholding taxes been imposed. For U.S. federal income tax purposes, U.S. Holders would be treated as having actually received the amount of United Kingdom taxes withheld by the relevant Issuer with respect to a Note, and as then having actually paid over the withheld taxes to the United Kingdom taxing authorities. As a result of this rule, the amount of interest income included in gross income for U.S. federal income tax purposes by a U.S. Holder with respect to a payment of interest may be greater than the amount of cash actually received (or receivable) by the U.S. Holder from an Issuer with respect to the payment.

Subject to certain limitations, a U.S. Holder will generally be entitled to a credit against its U.S. federal income tax liability, or a deduction in computing its U.S. federal taxable income, for United Kingdom income taxes withheld by an Issuer. For purposes of the foreign tax credit limitation, foreign source income is classified by "baskets", and the credit for foreign taxes on income in a basket is limited to U.S. federal income tax allocable to that income. The foreign tax credit rules are very complex and prospective purchasers should consult their tax advisers concerning the foreign tax credit implications of the payment of these United Kingdom taxes.

## Original Issue Discount

### *General*

The following is a summary of the principal U.S. federal income tax consequences of the ownership of Notes issued with OID.

A Note, other than a Short-Term Note, will be treated as a Discount Note if the excess of the Note's "stated redemption price at maturity" over its issue price is equal to or more than a *de minimis* amount (0.25 per cent. of the Note's stated redemption price at maturity multiplied by the number of complete years to its maturity). An obligation that provides for the payment of amounts other than qualified stated interest before maturity (an "**instalment obligation**") will be treated as a Discount Note if the excess of the Note's stated redemption price at maturity over its issue price is greater than 0.25 per cent. of the Note's stated redemption price at maturity multiplied by the weighted average maturity of the Note. A Note's weighted average maturity is the sum of the following amounts determined for each payment on a Note (other than a payment of qualified stated interest): (i) the number of complete years from the issue date until the payment is made multiplied by (ii) a fraction, the numerator of which is the amount of the payment and the denominator of which is the Note's stated redemption price at maturity. Generally, the issue price of a Note will be the first price at which a substantial amount of Notes included in the issue of which the Note is a part is sold to persons other than bond houses, brokers, or similar persons or organisations acting in the capacity of underwriters, placement agents, or wholesalers. The stated redemption price at maturity of a Note is the total of all payments provided by the Note that are not payments of "qualified stated interest". Solely for the purposes of determining whether a Note has OID, an Issuer will be deemed to exercise any call option that has the effect of decreasing the yield on the Note, and the U.S. Holder will be deemed to exercise any put option that has the effect of increasing the yield on the Note.

U.S. Holders of Discount Notes must include OID in income calculated on a constant-yield method before the receipt of cash attributable to the income, and generally will have to include in income increasingly greater amounts of OID over the life of the Discount Notes. The amount of OID includible in income by a U.S. Holder of a Discount Note is the sum of the daily portions of OID with respect to the Discount Note for each day during the taxable year or portion of the taxable year on which the U.S. Holder holds the Discount Note ("**accrued OID**"). The daily portion is determined by allocating to each day in any "accrual period" a pro rata portion of the OID allocable to that accrual period. Accrual periods with respect to a Note may be of any length selected by the U.S. Holder and may vary in length over the term of the Note as long as (i) no accrual period is longer than one year and (ii) each scheduled payment of interest or principal on the Note occurs on either the final or first day of an accrual period. The amount of OID allocable to an accrual period equals the excess of (a) the product of the Discount Note's adjusted issue price at the beginning of the accrual period and the Discount Note's yield to maturity (determined on the basis of compounding at the close of each accrual period and properly adjusted for the length of the accrual period) over (b) the sum of the payments of qualified stated interest on the Note allocable to the accrual period. The "adjusted issue price" of a Discount Note at the beginning of any accrual period is the issue price of the Note increased by (x) the amount of accrued OID for each prior accrual period and decreased by (y) the amount of any payments previously made on the Note that were not qualified stated interest payments.

### *Acquisition Premium*

A U.S. Holder that purchases a Discount Note for an amount less than or equal to the sum of all amounts payable on the Note after the purchase date, other than payments of qualified stated interest, but in excess of its adjusted issue price (any such excess being "**acquisition premium**") and that does not make the election described below under "*Election to Treat All Interest as Original Issue Discount*", is permitted to reduce the daily portions of OID by a fraction, the numerator of which is the excess of the U.S. Holder's adjusted basis in the Note immediately after its purchase over the Note's adjusted issue price, and the denominator of which is the excess of the sum of all amounts payable on the Note after the purchase date, other than payments of qualified stated interest, over the Note's adjusted issue price.

### *Market Discount*

A Note, other than a Short-Term Note, generally will be treated as purchased at a market discount (a "**Market Discount Note**") if the Note's stated redemption price at maturity or, in the case of a Discount

Note, the Note's "revised issue price", exceeds the amount for which the U.S. Holder purchased the Note by at least 0.25 per cent. of the Note's stated redemption price at maturity or revised issue price, respectively, multiplied by the number of complete years to the Note's maturity (or, in the case of a Note that is an instalment obligation, the Note's weighted average maturity). If this excess is not sufficient to cause the Note to be a Market Discount Note, then the excess constitutes "*de minimis* market discount". For this purpose, the "revised issue price" of a Note generally equals its issue price, increased by the amount of any OID that has accrued on the Note and decreased by the amount of any payments previously made on the Note that were not qualified stated interest payments.

Under current law, any gain recognised on the maturity or disposition of a Market Discount Note (including any payment on a Note that is not qualified stated interest) will be treated as ordinary income to the extent that the gain does not exceed the accrued market discount on the Note. Alternatively, a U.S. Holder of a Market Discount Note may elect to include market discount in income currently over the life of the Note. This election shall apply to all debt instruments with market discount acquired by the electing U.S. Holder on or after the first day of the first taxable year to which the election applies. This election may not be revoked without the consent of the IRS. A U.S. Holder of a Market Discount Note that does not elect to include market discount in income currently will generally be required to defer deductions for interest on borrowings incurred to purchase or carry a Market Discount Note that is in excess of the interest and OID on the Note includible in the U.S. Holder's income, to the extent that this excess interest expense does not exceed the portion of the market discount allocable to the days on which the Market Discount Note was held by the U.S. Holder.

Under current law, market discount will accrue on a straight-line basis unless the U.S. Holder elects to accrue the market discount on a constant-yield method. This election applies only to the Market Discount Note with respect to which it is made and is irrevocable.

#### *Election to Treat All Interest as Original Issue Discount*

A U.S. Holder may elect to include in gross income all interest that accrues on a Note using the constant-yield method described above under "*Original Issue Discount - General*," with certain modifications. For purposes of this election, interest includes stated interest, OID, *de minimis* OID, market discount, *de minimis* market discount and unstated interest, as adjusted by any amount in excess of the principal amount of a Note, or for a Discount Note, its stated redemption price at maturity ("amortisable bond premium") or acquisition premium. This election will generally apply only to the Note with respect to which it is made and may not be revoked without the consent of the IRS. If the election to apply the constant-yield method to all interest on a Note is made with respect to a Market Discount Note, the electing U.S. Holder will be treated as having made the election discussed above under "Market Discount" to include market discount in income currently over the life of all debt instruments with market discount held or thereafter acquired by the U.S. Holder. U.S. Holders should consult their tax advisers concerning the propriety and consequences of this election.

#### *Variable Interest Rate Notes*

Notes that provide for interest at variable rates ("**Variable Interest Rate Notes**") generally will bear interest at a "qualified floating rate" and thus will be treated as "variable rate debt instruments" under Treasury regulations governing accrual of OID. A Variable Interest Rate Note will qualify as a "variable rate debt instrument" if (a) its issue price does not exceed the total noncontingent principal payments due under the Variable Interest Rate Note by more than a specified *de minimis* amount and (b) it provides for stated interest, paid or compounded at least annually, at (i) one or more qualified floating rates, (ii) a single fixed rate and one or more qualified floating rates, (iii) a single objective rate, or (iv) a single fixed rate and a single objective rate that is a qualified inverse floating rate.

A "qualified floating rate" is any variable rate where variations in the value of the rate can reasonably be expected to measure contemporaneous variations in the cost of newly borrowed funds in the currency in which the Variable Interest Rate Note is denominated. A fixed multiple of a qualified floating rate will constitute a qualified floating rate only if the multiple is greater than 0.65 but not more than 1.35. A variable rate equal to the product of a qualified floating rate and a fixed multiple that is greater than 0.65 but not more than 1.35, increased or decreased by a fixed rate, will also constitute a qualified floating rate. In addition, two or more qualified floating rates that can reasonably be expected to have approximately the same values throughout the term of the Variable Interest Rate Note (e.g., two or more qualified floating rates with values within 25 basis points of each other as determined on the Variable

Interest Rate Note's issue date) will be treated as a single qualified floating rate. Notwithstanding the foregoing, a variable rate that would otherwise constitute a qualified floating rate but which is subject to one or more restrictions such as a maximum numerical limitation (i.e., a cap) or a minimum numerical limitation (i.e., a floor) may, under certain circumstances, fail to be treated as a qualified floating rate unless the cap or floor is fixed throughout the term of the Note.

An "objective rate" is a rate that is not itself a qualified floating rate but which is determined using a single fixed formula and which is based on objective financial or economic information (e.g., one or more qualified floating rates or the yield of actively traded personal property). A rate will not qualify as an objective rate if it is based on information that is within the control of an Issuer (or a related party) or that is unique to the circumstances of an Issuer (or a related party), such as dividends, profits or the value of an Issuer's stock (although a rate does not fail to be an objective rate merely because it is based on the credit quality of an Issuer). Other variable interest rates may be treated as objective rates if so designated by the IRS in the future. Despite the foregoing, a variable rate of interest on a Variable Interest Rate Note will not constitute an objective rate if it is reasonably expected that the average value of the rate during the first half of the Variable Interest Rate Note's term will be either significantly less than or significantly greater than the average value of the rate during the final half of the Variable Interest Rate Note's term. A "qualified inverse floating rate" is any objective rate where the rate is equal to a fixed rate minus a qualified floating rate, as long as variations in the rate can reasonably be expected to inversely reflect contemporaneous variations in the qualified floating rate. If a Variable Interest Rate Note provides for stated interest at a fixed rate for an initial period of one year or less followed by a variable rate that is either a qualified floating rate or an objective rate for a subsequent period and if the variable rate on the Variable Interest Rate Note's issue date is intended to approximate the fixed rate (e.g., the value of the variable rate on the issue date does not differ from the value of the fixed rate by more than 25 basis points), then the fixed rate and the variable rate together will constitute either a single qualified floating rate or objective rate, as the case may be.

A qualified floating rate or objective rate in effect at any time during the term of the instrument must be set at a "current value" of that rate. A "current value" of a rate is the value of the rate on any day that is no earlier than 3 months prior to the first day on which that value is in effect and no later than 1 year following that first day.

If a Variable Interest Rate Note that provides for stated interest at either a single qualified floating rate or a single objective rate throughout the term thereof qualifies as a "variable rate debt instrument", then any stated interest on the Note which is unconditionally payable in cash or property (other than debt instruments of the relevant Issuer) at least annually will constitute qualified stated interest and will be taxed accordingly. Thus, a Variable Interest Rate Note that provides for stated interest at either a single qualified floating rate or a single objective rate throughout the term thereof and that qualifies as a "variable rate debt instrument" will generally not be treated as having been issued with OID unless the Variable Interest Rate Note is issued at a "true" discount (i.e., at a price below the Note's stated principal amount) in excess of a specified *de minimis* amount. OID on a Variable Interest Rate Note arising from "true" discount is allocated to an accrual period using the constant yield method described above by assuming that the variable rate is a fixed rate equal to (i) in the case of a qualified floating rate or qualified inverse floating rate, the value, as of the issue date, of the qualified floating rate or qualified inverse floating rate, or (ii) in the case of an objective rate (other than a qualified inverse floating rate), a fixed rate that reflects the yield that is reasonably expected for the Variable Interest Rate Note.

In general, any other Variable Interest Rate Note that qualifies as a "variable rate debt instrument" will be converted into an "equivalent" fixed rate debt instrument for purposes of determining the amount and accrual of OID and qualified stated interest on the Variable Interest Rate Note. Such a Variable Interest Rate Note must be converted into an "equivalent" fixed rate debt instrument by substituting any qualified floating rate or qualified inverse floating rate provided for under the terms of the Variable Interest Rate Note with a fixed rate equal to the value of the qualified floating rate or qualified inverse floating rate, as the case may be, as of the Variable Interest Rate Note's issue date. Any objective rate (other than a qualified inverse floating rate) provided for under the terms of the Variable Interest Rate Note is converted into a fixed rate that reflects the yield that is reasonably expected for the Variable Interest Rate Note. In the case of a Variable Interest Rate Note that qualifies as a "variable rate debt instrument" and provides for stated interest at a fixed rate in addition to either one or more qualified floating rates or a qualified inverse floating rate, the fixed rate is initially converted into a qualified floating rate (or a qualified inverse floating rate, if the Variable Interest Rate Note provides for a qualified inverse floating rate). Under these circumstances, the qualified floating rate or qualified inverse floating rate that replaces

the fixed rate must be such that the fair market value of the Variable Interest Rate Note as of the Variable Interest Rate Note's issue date is approximately the same as the fair market value of an otherwise identical debt instrument that provides for either the qualified floating rate or qualified inverse floating rate rather than the fixed rate. Subsequent to converting the fixed rate into either a qualified floating rate or a qualified inverse floating rate, the Variable Interest Rate Note is converted into an "equivalent" fixed rate debt instrument in the manner described above.

Once the Variable Interest Rate Note is converted into an "equivalent" fixed rate debt instrument pursuant to the foregoing rules, the amount of OID and qualified stated interest, if any, are determined for the "equivalent" fixed rate debt instrument by applying the general OID rules to the "equivalent" fixed rate debt instrument and a U.S. Holder of the Variable Interest Rate Note will account for the OID and qualified stated interest as if the U.S. Holder held the "equivalent" fixed rate debt instrument. In each accrual period, appropriate adjustments will be made to the amount of qualified stated interest or OID assumed to have been accrued or paid with respect to the "equivalent" fixed rate debt instrument in the event that these amounts differ from the actual amount of interest accrued or paid on the Variable Interest Rate Note during the accrual period.

If a Variable Interest Rate Note, such as a Note the payments on which are determined by reference to an index, does not qualify as a "variable rate debt instrument", then the Variable Interest Rate Note will be treated as a contingent payment debt obligation.

#### *Short-Term Notes*

In general, an individual or other cash basis U.S. Holder of a Short-Term Note is not required to accrue OID for U.S. federal income tax purposes unless it elects to do so (but may be required to include any stated interest in income as the interest is received). Accrual basis U.S. Holders and certain other U.S. Holders are required to accrue OID on Short-Term Notes on a straight-line basis or, if the U.S. Holder so elects, under the constant-yield method (based on daily compounding). In the case of a U.S. Holder not required and not electing to include OID in income currently, any gain realized on the sale or retirement of the Short-Term Note will be ordinary income to the extent of the OID accrued on a straight-line basis (unless an election is made to accrue the OID under the constant-yield method) through the date of sale or retirement. U.S. Holders who are not required and do not elect to accrue OID on Short-Term Notes will be required to defer deductions for interest on borrowings allocable to Short-Term Notes in an amount not exceeding the deferred income until the deferred income is realized.

For purposes of determining the amount of OID subject to these rules, all interest payments on a Short-Term Note are included in the Short-Term Note's stated redemption price at maturity. A U.S. Holder may elect to determine OID on a Short-Term Note as if the Short-Term Note had been originally issued to the U.S. Holder at the U.S. Holder's purchase price for the Short-Term Note. This election shall apply to all obligations with a maturity of one year or less acquired by the U.S. Holder on or after the first day of the first taxable year to which the election applies, and may not be revoked without the consent of the IRS.

#### *Fungible Issue*

An Issuer may, without the consent of the holders of outstanding Notes, issue additional Notes with identical terms. These additional Notes, even if they are treated for non-tax purposes as part of the same series as the original Notes, in some cases may be treated as a separate series for U.S. federal income tax purposes. In such a case, the additional Notes may be considered to have been issued with OID even if the original Notes had no OID, or the additional Notes may have a greater amount of OID than the original Notes. These differences may affect the market value of the original Notes if the additional Notes are not otherwise distinguishable from the original Notes.

#### **Notes Purchased at a Premium**

A U.S. Holder that purchases a Note (or a Discount Note) at an amortisable bond premium may elect to reduce the amount required to be included in the U.S. Holder's income each year with respect to interest on the Note (or the Discount Note) by the amount of amortisable bond premium allocable (based on the Note/Discount Note's yield to maturity) to that year. Any election to amortise bond premium shall apply to all bonds (other than bonds the interest on which is excludable from gross income for U.S. federal income tax purposes) held by the U.S. Holder at the beginning of the first taxable year to which the



election applies or thereafter acquired by the U.S. Holder, and is irrevocable without the consent of the IRS. See also "*Original Issue Discount - Election to Treat All Interest as Original Issue Discount*".

### **Contingent Payment Debt Instruments**

If the terms of the Notes provide for certain contingencies that affect the timing and amount of payments (including Notes with a variable rate or rates that do not qualify as "variable rate debt instruments" as described above) they will be "contingent payment debt instruments" for U.S. federal income tax purposes. Under the rules that govern the treatment of contingent payment debt instruments, no payment on such Notes qualifies as qualified stated interest. Rather, a U.S. Holder must account for interest for U.S. federal income tax purposes based on a "comparable yield" and the differences between actual payments on the Note and the Note's projected payment schedule that represents a series of payments the amount and timing of which would produce a yield to maturity on the contingent payment debt Instrument equal to the comparable yield ("**projected payment schedule**"). The comparable yield is determined by the relevant Issuer at the time of issuance of the Notes. The comparable yield may be greater than or less than the stated interest, if any, with respect to the Notes. Solely for the purpose of determining the amount of interest income that a U.S. Holder will be required to accrue on a contingent payment debt instrument, the relevant Issuer will be required to construct a projected payment schedule.

**Neither the comparable yield nor the projected payment schedule constitutes a representation by the Issuers regarding the actual amount, if any, that the contingent payment debt instrument will pay.**

A U.S. Holder, regardless of the U.S. Holder's method of accounting for U.S. federal income tax purposes, will be required to accrue interest income on a contingent payment debt instrument at the comparable yield, adjusted upward or downward to reflect the difference, if any, between the actual and the projected amount of any contingent payments on the contingent payment instrument (as set forth below).

A U.S. Holder will be required to recognise interest income equal to the amount of any net positive adjustment, i.e., the excess of actual payments over projected payments, in respect of a contingent payment debt instrument for a taxable year. A net negative adjustment, i.e., the excess of projected payments over actual payments, in respect of a contingent payment debt instrument for a taxable year:

will first reduce the amount of interest in respect of the contingent payment debt instrument that a U.S. Holder would otherwise be required to include in income in the taxable year; and

to the extent of any excess, will give rise to an ordinary loss equal to so much of this excess as does not exceed the excess of:

- the amount of all previous interest inclusions under the contingent payment debt instrument over
- the total amount of the U.S. Holder's net negative adjustments treated as ordinary loss on the contingent payment debt instrument in prior taxable years.

A net negative adjustment is not subject to the two per cent. floor limitation imposed on miscellaneous deductions. Any net negative adjustment in excess of the amounts described above will be carried forward to offset future interest income in respect of the contingent payment debt instrument or to reduce the amount realised on a sale, exchange or retirement of the contingent payment debt instrument. Where a U.S. Holder purchases a contingent payment debt instrument for a price other than its adjusted issue price, the difference between the purchase price and the adjusted issue price must be reasonably allocated to the daily portions of interest or projected payments with respect to the contingent payment debt instrument over its remaining term and treated as a positive or negative adjustment, as the case may be, with respect to each period to which it is allocated.

Upon a sale, exchange or retirement of a contingent payment debt instrument, a U.S. Holder generally will recognise taxable gain or loss equal to the difference between the amount realised on the sale, exchange or retirement and the U.S. Holder's adjusted basis in the contingent payment debt instrument. A U.S. Holder's adjusted basis in a Note that is a contingent payment debt instrument generally will be the acquisition cost of the Note, increased by the interest previously accrued by the U.S. Holder on the Note under these rules, disregarding any net positive and net negative adjustments, and decreased by the

amount of any noncontingent payments and the projected amount (regardless of the actual amount) of any contingent payments previously made on the Note. A U.S. Holder generally will treat any gain as interest income, and any loss as ordinary loss to the extent of the excess of previous interest inclusions in excess of the total net negative adjustments previously taken into account as ordinary losses, and the balance as capital loss. The deductibility of capital losses is subject to limitations.

A U.S. Holder will have a tax basis in any property, other than cash, received upon the retirement of a contingent payment debt instrument including in satisfaction of a conversion right or a call right equal to the fair market value of the property, determined at the time of retirement. The U.S. Holder's holding period for the property will commence on the day immediately following its receipt.

## **Foreign Currency Notes**

### *Interest*

If an interest payment is denominated in, or determined by reference to, a foreign currency, the amount of income recognised by a cash basis U.S. Holder will be the U.S. dollar value of the interest payment, based on the exchange rate in effect on the date of receipt, regardless of whether the payment is in fact converted into U.S. dollars.

An accrual basis U.S. Holder may determine the amount of income recognised with respect to an interest payment denominated in, or determined by reference to, a foreign currency in accordance with either of two methods. Under the first method, the amount of income accrued will be based on the average exchange rate in effect during the interest accrual period (or, in the case of an accrual period that spans two taxable years of a U.S. Holder, the part of the period within the taxable year).

Under the second method, the U.S. Holder may elect to determine the amount of income accrued on the basis of the exchange rate in effect on the last day of the accrual period (or, in the case of an accrual period that spans two taxable years, the exchange rate in effect on the last day of the part of the period within the taxable year). Additionally, if a payment of interest is actually received within five business days of the last day of the accrual period, an electing accrual basis U.S. Holder may instead translate the accrued interest into U.S. dollars at the exchange rate in effect on the day of actual receipt. Any such election will apply to all debt instruments held by the U.S. Holder at the beginning of the first taxable year to which the election applies or thereafter acquired by the U.S. Holder, and will be irrevocable without the consent of the IRS.

Upon receipt of an interest payment (including a payment attributable to accrued but unpaid interest upon the sale or retirement of a Note) denominated in, or determined by reference to, a foreign currency, the U.S. Holder may recognise U.S. source exchange gain or loss (taxable as ordinary income or loss) equal to the difference between the amount received (translated into U.S. dollars at the spot rate on the date of receipt) and the amount previously accrued, regardless of whether the payment is in fact converted into U.S. dollars.

### *OID*

OID for each accrual period on a Discount Note that is denominated in, or determined by reference to, a foreign currency, will be determined in the foreign currency and then translated into U.S. dollars in the same manner as stated interest accrued by an accrual basis U.S. Holder, as described above. Upon receipt of an amount attributable to OID (whether in connection with a payment on the Note or a sale of the Note), a U.S. Holder may recognise U.S. source exchange gain or loss (taxable as ordinary income or loss) equal to the difference between the amount received (translated into U.S. dollars at the spot rate on the date of receipt) and the amount previously accrued, regardless of whether the payment is in fact converted into U.S. dollars.

### *Market Discount*

Market Discount on a Note that is denominated in, or determined by reference to, a foreign currency, will be accrued in the foreign currency. If the U.S. Holder elects to include market discount in income currently, the accrued market discount will be translated into U.S. dollars at the average exchange rate for the accrual period (or portion thereof within the U.S. Holder's taxable year). Upon the receipt of an amount attributable to accrued market discount, the U.S. Holder may recognise U.S. source exchange gain or loss (which will be taxable as ordinary income or loss) determined in the same manner as for

accrued interest or OID. A U.S. Holder that does not elect to include market discount in income currently will recognise, upon the disposition or maturity of the Note, the U.S. dollar value of the amount accrued, calculated at the spot rate on that date, and no part of this accrued market discount will be treated as exchange gain or loss.

#### *Bond Premium*

Bond premium (including acquisition premium) on a Note that is denominated in, or determined by reference to, a foreign currency, will be computed in units of the foreign currency, and any such bond premium that is taken into account currently will reduce interest income in units of the foreign currency. On the date bond premium offsets interest income, a U.S. Holder may recognise U.S. source exchange gain or loss (taxable as ordinary income or loss) measured by the difference between the spot rate in effect on that date, and on the date the Notes were acquired by the U.S. Holder. A U.S. Holder that does not elect to take bond premium (other than acquisition premium) into account currently will recognise a market loss when the Note matures.

#### *Sale or Retirement*

As discussed below under "*— Purchase, Sale and Retirement of Notes*", a U.S. Holder will generally recognise gain or loss on the sale or retirement of a Note equal to the difference between the amount realised on the sale or retirement and its tax basis in the Note. A U.S. Holder's tax basis in a Note that is denominated in a foreign currency will be determined by reference to the U.S. dollar cost of the Note. The U.S. dollar cost of a Note purchased with foreign currency will generally be the U.S. dollar value of the purchase price on the date of purchase or, in the case of Notes traded on an established securities market, as defined in the applicable Treasury regulations, that are purchased by a cash basis U.S. Holder (or an accrual basis U.S. Holder that so elects), on the settlement date for the purchase.

The amount realised on a sale or retirement for an amount in foreign currency will be the U.S. dollar value of this amount on the date of sale or retirement or, in the case of Notes traded on an established securities market, as defined in the applicable Treasury regulations, sold by a cash basis U.S. Holder (or an accrual basis U.S. Holder that so elects), on the settlement date for the sale. Such an election by an accrual basis U.S. Holder must be applied consistently from year to year and cannot be revoked without the consent of the IRS.

A U.S. Holder will recognise U.S. source exchange rate gain or loss (taxable as ordinary income or loss) on the sale or retirement of a Note equal to the difference, if any, between the U.S. dollar values of the U.S. Holder's purchase price for the Note (or, if less, the principal amount of the Note) (i) on the date of sale or retirement and (ii) the date on which the U.S. Holder acquired the Note. Any such exchange rate gain or loss will be realised only to the extent of total gain or loss realised on the sale or retirement. A U.S. Holder that does not determine its amount realised on the settlement date of the sale or exchange (as discussed in the preceding paragraph) will also recognise U.S. source exchange rate gain or loss on the difference between the U.S. dollar amount realised and the U.S. dollar value of the foreign currency on the date of receipt.

#### *Disposition of Foreign Currency*

Foreign currency received as interest on a Note or on the sale or retirement of a Note will have a tax basis equal to its U.S. dollar value at the time it is received. Foreign currency that is purchased will generally have a tax basis equal to the U.S. dollar value of the foreign currency on the date of purchase. Any gain or loss recognised on a sale or other disposition of a foreign currency (including its use to purchase Notes or upon exchange for U.S. dollars) will be U.S. source ordinary income or loss.

#### **Foreign Currency Contingent Notes**

Special rules apply to determine the accrual of interest, and the amount, timing, source and character of any gain or loss on a contingent debt instrument that is denominated in, or determined by reference to, a foreign currency (a "**Foreign Currency Contingent Note**"). The rules applicable to Foreign Currency Contingent Notes are complex, and U.S. Holders are urged to consult their tax advisers concerning the application of these rules.

Under these rules, a U.S. Holder of a Foreign Currency Contingent Note will generally be required to accrue interest in the foreign currency in which the Foreign Currency Contingent Note is denominated (i)

at a yield at which the relevant Issuer would issue a fixed rate debt instrument denominated in the same foreign currency with terms and conditions similar to those of the Foreign Currency Contingent Note, and (ii) in accordance with a projected payment schedule determined by the relevant Issuer, under rules similar to those described above under "*Contingent Payment Debt Instruments*". The amount of interest on a Foreign Currency Contingent Note that accrues in any accrual period will be the product of the comparable yield of the Foreign Currency Contingent Note (adjusted to reflect the length of the accrual period) and the adjusted issue price of the Foreign Currency Contingent Note. The adjusted issue price of a Foreign Currency Contingent Note will generally be determined under the rules described above, and will be denominated in the foreign currency of the Foreign Currency Contingent Note.

Interest accrued on a Foreign Currency Contingent Note will be translated into U.S. dollars under translation rules similar to those described above under "*Foreign Currency Notes*". Any positive adjustment (i.e. the excess of actual payments over projected payments) in respect of a Foreign Currency Contingent Note for a taxable year will be translated into U.S. dollars at the spot rate on the last day of the taxable year in which the adjustment is taken into account, or if earlier, the date on which the Foreign Currency Contingent Note is disposed of. The amount of any negative adjustment on a Foreign Currency Contingent Note (i.e. the excess of projected payments over actual payments) that is offset against accrued but unpaid interest will be translated into U.S. dollars at the same rate at which the interest was accrued. To the extent a net negative adjustment exceeds the amount of accrued but unpaid interest, the negative adjustment will be treated as offsetting interest that has accrued and been paid on the Foreign Currency Contingent Note, and will be translated into U.S. dollars at the spot rate on the date the Foreign Currency Contingent Note was issued. Any net negative adjustment carry forward will be carried forward in the relevant foreign currency.

#### **Purchase, Sale and Retirement of Notes - Other than Contingent Payment Debt Instruments**

A U.S. Holder's tax basis in a Note will generally be its cost, increased by the amount of any OID or market discount included in the U.S. Holder's income with respect to the Note and the amount, if any, of income attributable to *de minimis* OID and *de minimis* market discount included in the U.S. Holder's income with respect to the Note, and reduced by (i) the amount of any payments that are not qualified stated interest payments, and (ii) the amount of any amortisable bond premium applied to reduce interest on the Note.

A U.S. Holder will generally recognise gain or loss on the sale or retirement of a Note equal to the difference between the amount realised on the sale or retirement and the tax basis of the Note. The amount realised does not include the amount attributable to accrued but unpaid interest, which will be taxable as interest income to the extent not previously included in income. Except to the extent described above under "*Original Issue Discount - Market Discount*" or "*Original Issue Discount - Short Term Notes*" or attributable to changes in exchange rates (as discussed below), gain or loss recognised on the sale or retirement of a Note will be capital gain or loss and will be long-term capital gain or loss if the U.S. Holder's holding period in the Notes exceeds one year.

Gain or loss realised by a U.S. Holder on the sale or retirement of a Note generally will be U.S. source. Therefore, a U.S. Holder may have insufficient foreign source income to utilise foreign tax credits attributable to any United Kingdom capital gains tax imposed on a sale or disposition. Prospective purchasers should consult their tax advisers as to the availability of and limitations on any foreign tax credit attributable to this United Kingdom capital gains tax.

For Notes that are contingent payment debt instruments (other than "*Foreign Currency Contingent Notes*"), see treatment above under "*Contingent Payment Debt Instruments*".

#### **Purchase, Sale and Retirement of Notes - Foreign Currency Contingent Notes**

Upon a sale, exchange or retirement of a Foreign Currency Contingent Note, a U.S. Holder will generally recognise taxable gain or loss equal to the difference between the amount realised on the sale, exchange or retirement and the U.S. Holder's tax basis in the Foreign Currency Contingent Note, both translated into U.S. dollars as described below. A U.S. Holder's tax basis in a Foreign Currency Contingent Note will equal (i) the cost thereof (translated into U.S. dollars at the spot rate on the issue date), (ii) increased by the amount of interest previously accrued on the Foreign Currency Contingent Note (disregarding any positive or negative adjustments and translated into U.S. dollars using the exchange rate applicable to such interest) and (iii) decreased by the projected amount of all prior payments in respect of the Foreign

Currency Contingent Note. The U.S. dollar amount of the projected payments described in clause (iii) of the preceding sentence is determined by (i) first allocating the payments to the most recently accrued interest to which prior amounts have not already been allocated and translating those amounts into U.S. dollars at the rate at which the interest was accrued and (ii) then allocating any remaining amount to principal and translating such amount into U.S. dollars at the spot rate on the date the Foreign Currency Contingent Note was acquired by the U.S. Holder. For this purpose, any accrued interest reduced by a negative adjustment carry forward will be treated as principal.

The amount realised by a U.S. Holder upon the sale, exchange or retirement of a Foreign Currency Contingent Note will equal the amount of cash and the fair market value (determined in foreign currency) of any property received. If a U.S. Holder holds a Foreign Currency Contingent Note until its scheduled maturity, the U.S. dollar equivalent of the amount realised will be determined by separating such amount realised into principal and one or more interest components, based on the principal and interest comprising the U.S. Holder's basis, with the amount realised allocated first to interest (and allocated to the most recently accrued amounts first) and any remaining amounts allocated to principal. The U.S. dollar equivalent of the amount realised upon a sale, exchange or unscheduled retirement of a Foreign Currency Contingent Note will be determined in a similar manner, but will first be allocated to principal and then any accrued interest (and will be allocated to the earliest accrued amounts first). Each component of the amount realised will be translated into U.S. dollars using the exchange rate used with respect to the corresponding principal or accrued interest. The amount of any gain realised upon a sale, exchange or unscheduled retirement of a Foreign Currency Contingent Note will be equal to the excess of the amount realised over the holder's tax basis, both expressed in foreign currency, and will be translated into U.S. dollars using the spot rate on the payment date. Gain from the sale or retirement of a Foreign Currency Contingent Note will generally be treated as interest income taxable at ordinary income (rather than capital gains) rates. Any loss will be ordinary loss to the extent that the U.S. Holder's total interest inclusions to the date of sale or retirement exceed the total net negative adjustments that the U.S. Holder took into account as ordinary loss, and any further loss will be capital loss. Gain or loss realised by a U.S. Holder on the sale or retirement of a Foreign Currency Contingent Note will generally be foreign source. Prospective purchasers should consult their tax advisers as to the foreign tax credit implications of the sale or retirement of Foreign Currency Contingent Notes.

A U.S. Holder will also recognise U.S. source exchange rate gain or loss (taxable as ordinary income or loss) on the receipt of foreign currency in respect of a Foreign Currency Contingent Note if the exchange rate in effect on the date the payment is received differs from the rate applicable to the principal or accrued interest to which such payment relates.

### **Reportable Transactions**

A U.S. taxpayer that participates in a "reportable transaction" will be required to disclose this participation to the IRS. The scope and application of these rules is not entirely clear. A U.S. Holder may be required to treat a foreign currency exchange loss from the Notes as a reportable transaction if the loss exceeds U.S.\$50,000 in a single taxable year, if the U.S. Holder is an individual or trust, or higher amounts for other non-individual U.S. Holders. In the event the acquisition, holding or disposition of Notes constitutes participation in a "reportable transaction" for purposes of these rules, a U.S. Holder will be required to disclose its investment by filing Form 8886 with the IRS. Pursuant to U.S. tax legislation enacted in 2004, a penalty in the amount of U.S.\$10,000 in the case of a natural person and U.S.\$50,000 in all other cases is generally imposed on any taxpayer that fails to timely file an information return with the IRS with respect to a transaction resulting in a loss that is treated as a reportable transaction. Accordingly, if a U.S. Holder realises a loss on any Note (or, possibly, aggregate losses from the Notes) satisfying the monetary thresholds discussed above, the U.S. Holder could be required to file an information return with the IRS, and failure to do so may subject the U.S. Holder to the penalties described above. In addition, an Issuer and its advisers may also be required to disclose the transaction to the IRS and maintain a list of U.S. Holders, and to furnish this list and certain other information to the IRS upon written request. Prospective purchasers are urged to consult their tax advisers regarding the application of these rules to the acquisition, holding or disposition of Notes.

### **Notes Treated as Equity in an Issuer**

The applicable Final Terms will indicate whether any particular Series of Tier 2 Capital Notes should properly be treated as equity interests in the relevant Issuer for U.S. federal income tax purposes. The following discussion applies to Notes that are properly treated as equity of the relevant Issuer.

## **Payments of Interest**

### *General*

Subject to the PFIC rules discussed below, payments of interest paid by an Issuer out of current or accumulated earnings and profits (as determined for U.S. federal income tax purposes), before reduction for any United Kingdom withholding tax paid by the relevant Issuer with respect thereto, will generally be taxable to a U.S. Holder as foreign source dividend income, and will not be eligible for the dividends received deduction allowed to corporations. Payments of interest in excess of current and accumulated earnings and profits will be treated as a non-taxable return of capital to the extent of the U.S. Holder's basis in the Notes and thereafter as capital gain. However, the Issuers do not maintain calculations of their earnings and profits in accordance with U.S. federal income tax accounting principles. U.S. Holders should therefore assume that any payments of interest by an Issuer with respect to Notes will constitute ordinary dividend income. U.S. Holders should consult their own tax advisors with respect to the appropriate U.S. federal income tax treatment of any payments of interest received from an Issuer.

For taxable years that begin before 2011, payments of interest that are treated as dividends paid by an Issuer will be taxable to a non-corporate U.S. Holder at the special reduced rate normally applicable to capital gains, provided the relevant Issuer qualifies for the benefits of the income tax treaty between the United States and the United Kingdom. A U.S. Holder will be eligible for this reduced rate only if it satisfies certain holding period requirements. A U.S. Holder will not be able to claim the reduced rate for any year in which the relevant Issuer is treated as a PFIC. See "*— Passive Foreign Investment Company Considerations*" below.

### *Foreign Currency Interest*

Interest paid in a foreign currency will be included in income in a U.S. dollar amount calculated by reference to the exchange rate in effect on the day the payment is received by the U.S. Holder, regardless of whether the foreign currency is converted into U.S. dollars at that time. If interest received in a foreign currency is converted into U.S. dollars on the day it is received, the U.S. Holder generally will not be required to recognise foreign currency gain or loss in respect of the interest income.

### *Effect of United Kingdom Withholding Taxes*

As discussed in "*United Kingdom Taxation*", under current law payments of interest in respect of certain Notes may be subject to United Kingdom withholding taxes. As discussed under "*Terms and Conditions of the Notes - Taxation*", an Issuer may become liable for the payment of additional amounts to U.S. Holders so that U.S. Holders receive the same amounts they would have received had no United Kingdom withholding taxes been imposed. For U.S. federal income tax purposes, U.S. Holders will be treated as having received the amount of United Kingdom taxes withheld by the relevant Issuer, and as then having paid over the withheld taxes to the United Kingdom taxing authorities. As a result of this rule, the amount of income included in gross income for U.S. federal income tax purposes by a U.S. Holder with respect to a payment of interest may be greater than the amount of cash actually received (or receivable) by the U.S. Holder from the relevant Issuer with respect to the payment.

A U.S. Holder will generally be entitled, subject to certain limitations, to a credit against its U.S. federal income tax liability, or a deduction in computing its U.S. federal taxable income, for United Kingdom income taxes withheld by an Issuer. For purposes of the foreign tax credit limitation, foreign source income is classified by "baskets", and the credit for foreign taxes on income in a basket is limited to U.S. federal income tax allocable to that income. The foreign tax credit rules are very complex and prospective purchasers should consult their tax advisers concerning the foreign tax credit implications of the payment of United Kingdom taxes, and of receiving a payment of interest from an Issuer that is treated as a dividend eligible for the special reduced rate described above under "*— Payments of Interest - General*".

### **Sale or other Disposition**

A U.S. Holder's tax basis in a Note will generally be its U.S. dollar cost. The U.S. dollar cost of a Note purchased with foreign currency will generally be the U.S. dollar value of the purchase price on the date of purchase or, in the case of Notes traded on an established securities market, as defined in the applicable Treasury Regulations, that are purchased by a cash basis U.S. Holder (or an accrual basis U.S. Holder that

so elects), on the settlement date for the purchase. Such an election by an accrual basis U.S. Holder must be applied consistently from year to year and cannot be revoked without the consent of the IRS.

Subject to the PFIC rules discussed below, upon a sale or other disposition of Notes, a U.S. Holder generally will recognise capital gain or loss for U.S. federal income tax purposes equal to the difference, if any, between the amount realised on the sale or other disposition and the U.S. Holder's adjusted tax basis in the Notes. This capital gain or loss will be long-term capital gain or loss if the U.S. Holder's holding period in the Notes exceeds one year. However, regardless of a U.S. Holder's actual holding period, in certain circumstances any loss may be long-term capital loss to the extent the U.S. Holder receives a payment of interest treated as a dividend that qualifies for the reduced rate described above under "*— Payments of Interest - General*". Any gain or loss will generally be U.S. source.

The amount realised on a sale or other disposition of Notes for an amount in foreign currency will be the U.S. dollar value of this amount on the date of sale or disposition. On the settlement date, the U.S. Holder will recognise U.S. source foreign currency gain or loss (taxable as ordinary income or loss) equal to the difference (if any) between the U.S. dollar value of the amount received based on the exchange rates in effect on the date of sale or other disposition and the settlement date. However, in the case of Notes traded on an established securities market that are sold by a cash basis U.S. Holder (or an accrual basis U.S. Holder that so elects), the amount realised will be based on the exchange rate in effect on the settlement date for the sale, and no exchange gain or loss will be recognised at that time.

### **Disposition of Foreign Currency**

Foreign currency received on the sale or other disposition of a Note will have a tax basis equal to its U.S. dollar value on the settlement date. Foreign currency that is purchased will generally have a tax basis equal to the U.S. dollar value of the foreign currency on the date of purchase. Any gain or loss recognised on a sale or other disposition of a foreign currency (including its use to purchase Notes or upon exchange for U.S. dollars) will be U.S. source ordinary income or loss.

### **Passive Foreign Investment Company Considerations**

A foreign corporation will be a "passive foreign investment company" (a "**PFIC**") in any taxable year in which, after taking into account the income and assets of the corporation and certain subsidiaries pursuant to applicable "look-through rules," either (i) at least 75 per cent. of its gross income is "passive income" or (ii) at least 50 per cent. of the average value of its assets is attributable to assets which produce passive income or are held for the production of passive income. The Issuers do not believe that they should be treated as PFICs. Although interest income is generally passive income, a special rule allows banks to treat their banking business income as non-passive. To qualify for this rule, a bank must satisfy certain requirements regarding its licensing and activities. The Issuers believe that they currently meet these requirements. The Issuers' possible status as PFICs must be determined annually, however, and may be subject to change if the Issuers fail to qualify under this special rule for any year in which a U.S. Holder holds Notes. If the Issuers were to be treated as PFICs in any year, U.S. Holders of Notes would be required (i) to pay a special U.S. addition to tax on certain payments of interest and gains on sale and (ii) to pay tax on any gain from the sale of Notes at ordinary income (rather than capital gains) rates in addition to paying the special addition to tax on this gain. Additionally, payments of interest treated as dividends paid by the relevant Issuer would not be eligible for the special reduced rate of tax described above under "*— Payments of Interest - General*". Prospective purchasers should consult their tax advisers regarding the potential application of the PFIC regime.

### **Substitution of Issuer**

The terms of the Notes provide that, in certain circumstances, the obligations of the relevant Issuer under the Notes may be assumed by another entity. Any such assumption might be treated for U.S. federal income tax purposes as a deemed disposition of Notes by a U.S. Holder in exchange for new notes issued by the new obligor. As a result of this deemed disposition, a U.S. Holder could be required to recognise capital gain or loss for U.S. federal income tax purposes equal to the difference, if any, between the fair market value at that time of the U.S. Holder's Notes, and the U.S. Holder's tax basis in those Notes. U.S. Holders should consult their tax advisors concerning the U.S. federal income tax consequences to them of a change in obligor with respect to the Notes.

## **Medicare Tax**

For taxable years beginning after 31 December 2012, a U.S. Holder that is an individual or estate, or a trust that does not fall into a special class of trusts that is exempt from such tax, will be subject to a 3.8 per cent. tax (the "**Medicare Tax**") on the lesser of (1) the U.S. Holder's "net investment income" for the relevant taxable year and (2) the excess of the U.S. Holder's modified adjusted gross income for the taxable year over a certain threshold (which in the case of individuals will be between U.S.\$125,000 and U.S.\$250,000, depending on the individual's circumstances). A U.S. Holder's net investment income will generally include the interest payments on the Notes (even if they are treated as dividends for tax purposes as described above) and the U.S. Holder's net gains from the sale, exchange, redemption or maturity of the Notes, unless such net gains are derived in the ordinary course of the conduct of a trade or business (other than a trade or business that consists of certain passive or trading activities). U.S. Holders are urged to consult their tax advisers regarding the applicability of the Medicare Tax to their net investment income in respect of an investment in the Notes.

## **Backup Withholding and Information Reporting**

In general, payments of interest and accrued OID on, and the proceeds of a sale, redemption or other disposition of, the Notes, payable to a U.S. Holder by a U.S. paying agent or other U.S. intermediary will be reported to the IRS and to the U.S. Holder as may be required under applicable regulations. Backup withholding will apply to these payments and to accruals of OID if the U.S. Holder fails to provide an accurate taxpayer identification number or certification of exempt status or fails to report all interest and dividends required to be shown on its U.S. federal income tax returns. Certain U.S. Holders (including, among others, corporations) are not subject to backup withholding. U.S. Holders should consult their tax advisers as to their qualification for exemption from backup withholding and the procedure for obtaining an exemption.

U.S. Holders should consult their tax advisers as to any information reporting or special tax filing obligations they may have as a result of acquiring, owning or disposing of Notes.



## SUBSCRIPTION AND SALE

Notes may be sold from time to time by the Company or the Bank to any one or more of Barclays Bank PLC (in its role as Arranger and Dealer), BNP Paribas, Citigroup Global Markets Limited, Credit Suisse Securities (Europe) Limited, Deutsche Bank AG, London Branch, Goldman Sachs International, Merrill Lynch International, Morgan Stanley & Co. International plc and UBS Limited, or such other dealers as may be appointed either generally in respect of the Programme or in relation to a particular Tranche of Notes (together, the "**Dealers**"). The arrangements under which Notes may from time to time be agreed to be sold by the Company or the Bank to, and purchased by, Dealers are set out in a Distribution Agreement dated 10 October 1995, as most recently amended and restated on 1 June 2012 (as amended or restated from time to time, the "**Distribution Agreement**") and made between the Issuers and the Dealers. Any such agreement will, *inter alia*, make provision for the form and terms and conditions of the relevant Notes, the price at which such Notes will be purchased by the Dealers and the commissions or other agreed deductibles (if any) payable or allowable by the Company or the Bank in respect of such purchase. Notes so subscribed under the Distribution Agreement may be resold at prevailing market prices, or at prices related thereto, at the time of such resale, as determined by the relevant Dealer. The Distribution Agreement makes provision for the resignation or termination of appointment of existing Dealers and for the appointment of additional or other Dealers either generally in respect of the Programme or in relation to a particular Tranche of Notes. The Notes may also be issued by the Company or the Bank, as the case may be, through all or any of the Dealers acting as agents. In addition, the Distribution Agreement provides for Notes to be issued in syndicated Tranches which are jointly and severally underwritten by two or more Dealers.

Each Issuer has agreed to indemnify the Dealers against certain liabilities in connection with the offer and sale of the Notes. The Distribution Agreement may be terminated in relation to all or any of the Dealers by any Issuer or, in relation to itself and the Company or the Bank or both, as the case may be, by any Dealer, at any time on giving not less than 10 business days' notice.

**United States of America:** *Regulation S Category 2; TEFRA D or TEFRA C as specified in the relevant Final Terms or neither if TEFRA is specified as not applicable in the relevant Final Terms.*

The Notes have not been and will not be registered under the Securities Act, or with any securities regulatory authority of any state or jurisdiction of the United States, and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons, except in certain transactions exempt from, or not subject to, the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

Bearer Notes are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a United States person, except in certain transactions permitted by U.S. tax regulations. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code and regulations thereunder.

Each Dealer has represented and agreed (and each additional Dealer named in the Final Terms will be required to represent and agree) that in addition to the relevant U.S. Selling Restrictions set forth below:

- (a) except to the extent permitted under the TEFRA D Rules, it has not offered or sold, and during the restricted period it will not offer or sell, Notes in bearer form to a person who is within the United States or its possessions or to a U.S. person and it has not delivered and shall not deliver within the United States or its possessions definitive Notes in bearer form that are sold during the restricted period;
- (b) it has and throughout the restricted period it will have in effect procedures reasonably designed to ensure that its employees or agents who are directly engaged in selling Notes are aware that Notes in bearer form may not be offered or sold during the restricted period to a person who is within the United States or its possessions or to a U.S. person (except to the extent permitted under the TEFRA D Rules);
- (c) if it is a U.S. person, it is acquiring the Notes in bearer form for purposes of resale in connection with their original issuance, and if it retains Notes in bearer form for its own account, it will do so in accordance with the requirements of the TEFRA D Rules;

- (d) with respect to each affiliate or distributor that acquires Notes in bearer form from the Dealer for the purpose of offering or selling such Notes during the restricted period, the Dealer either repeats and confirms the representations and agreements contained in paragraphs (a), (b) and (c) above on such affiliate's or distributor's behalf or agrees that it will obtain from such distributor for the benefit of the relevant Issuer the representations and agreements contained in such paragraphs; and
- (e) it shall obtain for the benefit of the relevant Issuer the representations, undertakings and agreements contained in sub-clauses (a), (b), (c), (d) and (e) of this paragraph from any person other than its affiliate with whom it enters into a written contract, (a "distributor" as defined in U.S. Treasury Regulation section 1.163-5(c)(2)(i)(D)(4)), for the offer or sale during the restricted period of the Notes.

Terms used in this section shall have the meanings given to them by the Internal Revenue Code and the regulations thereunder, including the TEFRA D Rules.

Where the TEFRA C Rules are specified in the relevant final terms as being applicable in relation to any Notes, the Notes must, in accordance with their original issuance, be issued and delivered outside the United States and its possessions and, accordingly, each Dealer has represented and agreed (and each additional Dealer named in the Final Terms will be required to represent and agree) that, in connection with the original issuance of the Notes:

- (a) it has not offered, sold or delivered, and will not offer, sell or deliver, directly or indirectly, any Notes within the United States or its possessions; and
- (b) it has not communicated, and will not communicate, directly or indirectly, with a prospective purchaser if such Dealer or such prospective purchaser is within the United States or its possessions and will not otherwise involve the United States office of such Dealer in the offer and sale of Notes.

Each Dealer has represented and agreed that and each further Dealer appointed under the Programme will be required to agree that, except as permitted by the Distribution Agreement, it has not offered, sold or delivered and will not offer, sell or deliver the Notes of any identifiable Tranche (i) as part of their distribution at any time, or (ii) otherwise until 40 days after the completion of the distribution of such Tranche, as determined and certified to the Principal Paying Agent or the relevant Issuer by the relevant Dealer (or, in the case of a sale of a Tranche of Notes to or through more than one Dealer, by each of such Dealers as to the Notes of such Tranche purchased by or through it, in which case the Principal Paying Agent or the relevant Issuer shall notify each such Dealer when all such Dealers have so certified), within the United States or to, or for the account or benefit of, U.S. persons, and that it will have sent to each dealer to which it sells Notes during the distribution compliance period other than pursuant to Rule 144A relating thereto a confirmation or other notice setting forth the restrictions on offers and sales of the Notes within the United States or to, or for the account or benefit of, U.S. persons. In addition, until 40 days after the commencement of the offering of any identifiable Tranche of Notes, an offer or sale of Notes within the United States by a dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act if such sale is made otherwise than in accordance with Rule 144A. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

Each Dealer represents, warrants and undertakes that neither it nor any of its affiliates, nor any person acting on its or their behalf has engaged or will engage in any form of "general solicitation" or "general advertising" (within the meaning of Regulation D) in connection with any offer and sale of Notes in the United States.

The Notes are being offered and sold outside the United States to non-U.S. persons in reliance on Regulation S. Notwithstanding the foregoing, Dealers nominated by the relevant Issuer may arrange, through their U.S.-registered broker-dealer affiliates, for the offer and resale of Registered Notes to QIBs in the United States pursuant to Rule 144A under the Securities Act. Each purchaser of such Notes is hereby notified that the offer and sale of such Notes may be made in reliance upon the exemption from the registration requirements of the Securities Act provided by Rule 144A.

In addition, certain Series of Notes in respect of which any payment is determined by reference to an index or formula, or to changes in prices of securities or commodities, or certain other Notes will be subject to such additional U.S. selling restrictions as the relevant Issuer and the relevant Dealers may agree, as indicated in the relevant Final Terms. Each Dealer has agreed, and each further Dealer appointed under the Programme will be required to agree, that it will offer, sell and deliver such Notes only in compliance with such additional U.S. selling restrictions.

Each issuance of index, commodity or currency-linked Notes, including the Index Linked Notes, shall be subject to such additional U.S. selling restrictions as the relevant Issuer and the relevant Dealer or Dealers may agree in connection with the issue and purchase of such Notes. Each Dealer has agreed that it will offer, sell and deliver such Notes only in compliance with such additional U.S. selling restrictions.

This Base Prospectus has been prepared by the Issuers for use in connection with the offer and sale of the Notes outside the United States and for the resale of the Notes in the United States. The Issuers and the Dealers reserve the right to reject any offer to purchase the Notes, in whole or in part, for any reason. This Base Prospectus does not constitute an offer to any person in the United States or to any U.S. person, other than any qualified institutional buyer within the meaning of Rule 144A to whom an offer has been made directly by one of the Dealers or its U.S. broker-dealer affiliate. Distribution of this Base Prospectus by any non-U.S. person outside the United States or by any qualified institutional buyer in the United States to any U.S. person or to any other person within the United States, other than any qualified institutional buyer and those persons, if any, retained to advise such non-U.S. person or qualified institutional buyer with respect thereto, is unauthorised and any disclosure without the prior written consent of the Issuers of any of its contents to any such U.S. person or other person within the United States, other than any qualified institutional buyer and those persons, if any, retained to advise such non-U.S. person or qualified institutional buyer, is prohibited.

The Distribution Agreement provides that Dealers nominated by the relevant Issuer may directly or through its respective agents or affiliates arrange for the resale of Restricted Registered Notes in the United States only to qualified institutional buyers pursuant to Rule 144A.

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

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

- (a) *Approved prospectus*: if the Final Terms or Drawdown Prospectus in relation to the Notes specify that an offer of those Notes may be made other than pursuant to Article 3(2) of the Prospectus Directive in that Relevant Member State (a "**Non-exempt Offer**"), following the date of publication of a prospectus in relation to such Notes which has been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State, provided that any such prospectus which is not a Drawdown Prospectus has subsequently been completed by the Final Terms contemplating such Non-exempt Offer, in accordance with the Prospectus Directive, in the period beginning and ending on the dates specified in such prospectus or Final Terms, as applicable and the relevant Issuer has consented in writing to its use for the purpose of that Non-exempt Offer;
- (b) *Qualified Investors*: at any time to any legal entity which is a qualified investor as defined in the Prospectus Directive;
- (c) *Fewer than 100 offerees*: 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 relevant Issuer for any such offer; or

- (d) *Other exempt offers:* at any time in any other circumstances falling within Article 3(2) of the Prospectus Directive.

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

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

### **Selling Restrictions Addressing Additional United Kingdom Securities Laws**

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that:

- (a) *No deposit-taking:* in relation to any Notes issued by the Company having a maturity of less than one year:
- (i) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business; and
  - (ii) it has not offered or sold and will not offer or sell any Notes other than to persons:
    - (A) whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses; or
    - (B) who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses,

where the issue of the Notes would otherwise constitute a contravention of Section 19 of the FSMA by the Company;

- (b) *Financial promotion:* it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received by it in connection with the issue or sale of any Notes in circumstances in which section 21(1) of the FSMA does not, or in the case of the Bank, would not, if it was not an authorised person apply to the relevant Issuer; and
- (c) *General compliance:* it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Notes in, from or otherwise involving the United Kingdom.

### **Selling Restrictions Addressing Additional French Securities Laws**

Each of the Dealers and each Issuer has represented and agreed that it has not offered or sold, and will not offer or sell, directly or indirectly, Notes to the public in France, and has not distributed or caused to be distributed and will not distribute or cause to be distributed to the public in France, this Base Prospectus or any other offering material relating to the Notes, and that such offers, sales and distributions have been and shall only be made in France to persons providing investment services relating to portfolio management for the account of third parties (*personnes fournissant la service d'investissement de gestion*)

*de portefeuille pour compte de tiers*), and/or qualified investors (*investisseurs qualifiés*), all as defined in, and in accordance with, articles L.411-1, L.411-2 and D.411-1 of the French *Code monétaire et financier*.

## **Japan**

The Notes have not been and will not be registered under the Financial Instruments and Exchange Law of Japan (Law No. 25 of 1948, as amended) (the "**Financial Instruments and Exchange Law**") and, accordingly, each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not and it will not offer or sell any Notes directly or indirectly, in Japan or to, or for the benefit of, any Japanese Person or to others for re-offering or resale, directly or indirectly, in Japan or to any Japanese Person, except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the Financial Instruments and Exchange Law and all other applicable laws, regulations and guidelines promulgated by the relevant Japanese governmental and regulatory authorities and in effect at the relevant time. For the purposes of this paragraph, "**Japanese Person**" shall mean any person resident in Japan, including any corporation or other entity organised under the laws of Japan.

## **The People's Republic of China**

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that the Notes will not be offered or sold directly or indirectly within the People's Republic of China (for such purposes, not including Hong Kong and Macau Special Administrative Regions or Taiwan (the "**PRC**")) except as permitted by the securities law of the PRC. This Base Prospectus or any information contained or incorporated by reference herein does not constitute an offer to sell or the solicitation of an offer to buy any securities in the PRC. This Base Prospectus, any information contained herein or the Notes have not been, and will not be, submitted to, approved by, verified by or registered with any relevant governmental authorities in the PRC and thus may not be supplied to the public in the PRC or used in connection with any offer for the subscription or sale of the Notes in the PRC.

The Notes may only be invested by the PRC investors that are authorised to engage in the investment in the Notes of the type being offered or sold. Investors are responsible for obtaining all relevant governmental approvals, verifications, licences or registrations (if any) from all relevant PRC governmental authorities, including, but not limited to, the State Administration of Foreign Exchange, the China Securities Regulatory Commission, the China Banking Regulatory Commission, and other relevant regulatory bodies, and complying with all relevant PRC regulations, including, but not limited to, any relevant foreign exchange regulations and/or overseas investment regulations.

## **Hong Kong**

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that (i) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any Notes, except for Notes which are a structured product as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong ("**SFO**"), other than (a) to "professional investors" as defined in the SFO and any rules made under that Ordinance; or (b) in other circumstances which do not result in the document being a "prospectus" as defined in the Companies Ordinance (Cap. 32) of Hong Kong or which do not constitute an offer to the public within the meaning of that Ordinance; and (ii) it has not issued or had in its possession for the purposes of issue, and will not issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Notes, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Notes which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" as defined in the SFO and any rules made under that Ordinance.

## **General**

With the exception of the approval by the FCA of this Base Prospectus as a base prospectus issued in compliance with the Prospectus Directive and relevant implementing measures in the United Kingdom, no representation is made that any action has been or will be taken in any country or jurisdiction by the Company, the Bank or the Dealers that would permit a public offering of Notes, or possession or distribution of any offering material in relation thereto, in any country or jurisdiction where action for that

purpose is required. Persons into whose hands the Base Prospectus or any Final Terms comes are required by the Issuers and the Dealers to comply with all applicable laws and regulations in each country or jurisdiction in or from which they purchase, offer, sell or deliver Notes or have in their possession, or distribute such offering material, in all cases at their own expense.

The Distribution Agreement provides that the Dealers shall not be bound by any of the restrictions relating to any specific jurisdiction (set out above) to the extent that such restrictions shall, as a result of change(s) in official interpretation, after the date hereof, of applicable laws and regulations, no longer be applicable but without prejudice to the obligations of the Dealers described in the preceding paragraph.

Selling restrictions may be supplemented or modified with the agreement of the relevant Issuer. Any such supplement or modification will be set out in the relevant Final Terms (in the case of a supplement or modification relevant only to a particular Series of Notes) or (in any other case) in a supplement to the Base Prospectus.

Each Issuer has given an undertaking to the Dealers in connection with the listing of any Notes on the Official List to the effect that if after preparation of the Base Prospectus for submission to the FCA and at any time during the duration of the Programme it becomes aware that there is a significant new factor, material mistake or inaccuracy relating to the information contained in the Base Prospectus published in connection with the admission to listing, trading and or quotation of any of the Notes which is capable of affecting the assessment of the Notes to be issued under the Programme, it shall give to each Director full information about such change or matter and shall publish a supplementary Base Prospectus as may be required by the FCA, under Section 87G(2) of the FSMA or by the prospectus made by the FCA and shall otherwise comply with section 87G of the FSMA and the listing rules in that regard and shall supply to each Dealer such number of copies of the supplementary Base Prospectus as it may reasonably request.

## TRANSFER RESTRICTIONS

### Regulation S Notes

Each purchaser of Bearer Notes or Unrestricted Registered Notes outside the United States pursuant to Regulation S and each subsequent purchaser of such Notes in resales prior to the expiration of the distribution compliance period, by accepting delivery of this Base Prospectus and the Notes, will be deemed to have represented, agreed and acknowledged that:

- (i) it is, or at the time Notes are purchased will be, the beneficial owner of such Notes and:
  - (a) it is not a U.S. person and it is located outside the United States (within the meaning of Regulation S); and
  - (b) it is not an affiliate of the Company or the Bank or a person acting on behalf of such an affiliate;
- (ii) it understands that such Notes have not been and will not be registered under the Securities Act and that, prior to the expiration of the distribution compliance period (as defined in Regulation S), it will not offer, sell, pledge or otherwise transfer such Notes except:
  - (a) in an offshore transaction in accordance with Rule 903 or Rule 904 of Regulation S; or
  - (b) to the relevant Issuer; or
  - (c) in the case of Unrestricted Registered Notes only, in accordance with Rule 144A to a person that it and any person acting on its behalf reasonably believe is a QIB purchasing for its own account or the account of a QIB,

in each case in accordance with any applicable securities laws of any State of the United States; and

- (iii) it understands that the Company, the Bank, the Trustee, the Registrars, the Dealers and their affiliates, and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements.

On or prior to the fortieth day after the relevant issue date, Notes represented by an interest in an Unrestricted Global Certificate may be transferred to a person who wishes to hold such Notes in the form of an interest in a Restricted Global Certificate only upon receipt by the relevant Registrar of a written certification from the transferor (in the form set out in Schedule 5 (*Form of Transfer Certificate*) to the Trust Deed) to the effect that such transfer is being made to a person whom the transferor reasonably believes is a QIB, in a transaction meeting the requirements of Rule 144A and in accordance with any applicable securities laws of any state of the United States. After such fortieth day, such certification requirements will no longer apply to such transfers, but such transfers will continue to be subject to the transfer restrictions contained in the legend appearing on the face of such Global Certificate, as described above under "*Forms of the Notes*".

Notes represented by an interest in a Restricted Global Certificate may also be transferred to a person who wishes to hold such Notes in the form of an interest in an Unrestricted Global Certificate, but only upon receipt by the relevant Registrar of a written certification from the transferor (in the form set out in Schedule 5 (*Form of Transfer Certificate*) to the Trust Deed) to the effect that such transfer is being made in accordance with Regulation S or Rule 144 (if available) under the Securities Act.

Any interest in a Note represented by an Unrestricted Global Certificate that is transferred to a person who takes delivery in the form of an interest in a Note represented by a Restricted Global Certificate will, upon transfer, cease to be an interest in a Note represented by an Unrestricted Global Certificate and become an interest in a Note represented by a Restricted Global Certificate and, accordingly, will thereafter be subject to all transfer restrictions and other procedures applicable to Notes represented by a Restricted Global Certificate.

## Rule 144A Notes

Each purchaser of Restricted Registered Notes in reliance on Rule 144A, by accepting delivery of this Base Prospectus, will be deemed to have represented, agreed and acknowledged as follows (terms used in the following paragraphs that are defined in Rule 144A have the respective meanings given to them in Rule 144A):

- (i) the purchaser is (a) a QIB, (b) acquiring the Notes for its own account or for the account of one or more QIBs, (c) not formed for the purpose of investing in the Notes or the Company or the Bank and (d) is aware, and each beneficial owner of such Notes has been advised that the sale of the Notes to it is being made in reliance on Rule 144A;
- (ii) the purchaser understands that (1) the Notes have not been and will not be registered under the Securities Act and may not be offered, sold, pledged or otherwise transferred except (a) in accordance with Rule 144A to a person that it, and any person acting on its behalf, reasonably believes is a QIB purchasing for its own account or for the account of one or more QIBs, (b) in an offshore transaction in accordance with Rule 903 or Rule 904 of Regulation S under the Securities Act, (c) pursuant to an exemption from registration under the Securities Act provided by Rule 144 thereunder (if available), (d) pursuant to an effective registration statement under the Securities Act or (e) to the Company or the Bank or any of their respective affiliates, in each case in accordance with any applicable securities laws of any State of the United States and (2) it will, and each subsequent holder of the Restricted Registered Notes is required to, notify any purchaser of the Restricted Registered Notes from it of the resale restrictions applicable to the Restricted Registered Notes;
- (iii) the purchaser understands that the Restricted Global Certificate and any restricted Individual Certificate (a "**Restricted Individual Certificate**") will bear a legend to the following effect, unless the relevant Issuer determines otherwise in accordance with applicable law:

THE NOTES REPRESENTED HEREBY HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT") OR ANY SECURITIES LAW OF ANY STATE OF THE UNITED STATES. THE HOLDER HEREOF, BY PURCHASING THE NOTES REPRESENTED HEREBY, AGREES FOR THE BENEFIT OF THE COMPANY AND THE BANK THAT THE NOTES REPRESENTED HEREBY MAY BE REOFFERED, RESOLD, PLEDGED OR OTHERWISE TRANSFERRED ONLY IN COMPLIANCE WITH THE SECURITIES ACT AND OTHER APPLICABLE LAWS AND ONLY (1) PURSUANT TO RULE 144A UNDER THE SECURITIES ACT TO A PERSON THAT THE HOLDER REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A PURCHASING FOR ITS OWN ACCOUNT OR A PERSON PURCHASING FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER WHOM THE HOLDER HAS INFORMED, IN EACH CASE, THAT THE REOFFER, RESALE, PLEDGE OR OTHER TRANSFER IS BEING MADE IN RELIANCE ON RULE 144A, (2) IN AN OFFSHORE TRANSACTION IN ACCORDANCE WITH RULE 903 OR 904 OF REGULATION S UNDER THE SECURITIES ACT, (3) PURSUANT TO AN EXEMPTION FROM REGISTRATION PROVIDED BY RULE 144 UNDER THE SECURITIES ACT (IF AVAILABLE) OR (4) TO THE COMPANY, THE BANK OR THEIR RESPECTIVE AFFILIATES.

- (iv) if it is acquiring any Notes for the account of one or more QIBs the purchaser represents that it has sole investment discretion with respect to each such account and that it has full power to make the foregoing acknowledgements, representations and agreements on behalf of each such account; and
- (v) the purchaser understands that the Company, the Bank, the Trustee, the Registrars, the Dealers and their affiliates, and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements.

Upon the transfer, exchange or replacement of a Restricted Global Certificate or a Restricted Individual Certificate, or upon specific request for removal of the legend, the relevant Issuer will deliver only a Restricted Global Certificate or one or more Restricted Individual Certificates that bear such legend or will refuse to remove such legend, unless there is delivered to the relevant Issuer and the relevant



Registrar such satisfactory evidence (which may include a legal opinion) as may reasonably be required by the relevant Issuer that neither the legend nor the restrictions on transfer set forth therein are required to ensure compliance with the provisions of the Securities Act.

Any interest in a Restricted Global Certificate that is transferred to a person who takes delivery in the form of an interest in an Unrestricted Global Certificate will, upon transfer, cease to be an interest in a Restricted Global Certificate and become an interest in an Unrestricted Global Certificate and, accordingly, will thereafter be subject to all transfer restrictions and other procedures applicable to an interest in an Unrestricted Global Certificate.

**Prospective purchasers that are QIBs are hereby notified that sellers of the Restricted Registered Notes may be relying on the exemption from the provisions of Section 5 of the Securities Act provided by Rule 144A.**

## GENERAL INFORMATION

### Authorisation

1. The establishment of the Programme was authorised by resolutions of a duly constituted Committee of the Board of Directors of the Bank on 21 September 1995. The renewal of the Programme on 26 November 2013 was duly authorised by resolutions of each of the Fund Raising Committee of the Board of Directors of the Company and the Fund Raising Committee of the Board of Directors of the Bank on 22 November 2013.
2. The price of a Series of Notes on the price list of the London Stock Exchange will be expressed as a percentage of their principal amount (exclusive of accrued interest, if any). The admission of the Programme to trading on the Market is expected to be granted on or around 26 November 2013 for a period of 12 months. Any Series of Notes intended to be admitted to trading on the Market will be so admitted to trading upon submission to the London Stock Exchange of the relevant Final Terms and any other information required by the London Stock Exchange, subject to the issue of the Global Note or Global Certificate representing Notes of that Series. If such Global Note is not issued, the issue of such Notes may be cancelled. Prior to admission to trading, dealings in the Notes of the relevant Series will be permitted by the London Stock Exchange in accordance with its rules. Transactions will normally be effected for delivery on the third working day after the day of the transaction.

### Legal Proceedings

3. Save as disclosed under the sections entitled "*The Issuers and the Group – Legal and Regulatory Proceedings*" on pages 106 to 116 of this Base Prospectus (other than under the heading "*Other Legal and Regulatory Proceedings*" on page 116 of this Base Prospectus), there are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuers are aware), which may have or have had during the 12 months preceding the date of this Base Prospectus, a significant effect on the financial position or profitability of the Company, the Bank, the Group and/or, as the case may be, the Bank Group.

### Significant/Material Change

4. There has been no material adverse change in the prospects of the Company, the Bank, the Group or, as the case may be, the Bank Group since 31 December 2012, nor any significant change in the financial or trading position of the Company, the Bank, the Group or, as the case may be, the Bank Group since 30 June 2013.

### Auditors

5. The annual consolidated accounts of the Company and the Bank for the two years ended 31 December 2012 and 31 December 2011 have been audited without qualification by PricewaterhouseCoopers LLP, chartered accountants and registered auditors (a member of the Institute of Chartered Accountants in England and Wales).

### Documents on Display

6. Copies of the following documents may be inspected during normal business hours at Barclays Treasury, 1 Churchill Place, London E14 5HP United Kingdom and at the specified office of the Principal Paying Agent, at One Canada Square, London E14 5AL United Kingdom, and the CMU Lodging and Paying Agent at Level 24, Three Pacific Place, 1 Queen's Road East, Hong Kong for 12 months from the date of this Base Prospectus, and shall be available on or around the date hereof in electronic form at <http://www.londonstockexchange.com/exchange/news/market-news/market-news-home.html>:
  - (a) the Articles of Association of each Issuer;
  - (b) the Joint Annual Report, the 2011 Bank Annual Report, the 2012 Bank Annual Report, the 2012 Bank Annual Report, the 2011 Bank Annual Report, the Interim Results Announcement, the Interim Management Statement, the Leverage Plan, the Restated Statements, the 8 November 2013 Form 6-K and the 16 September 2013 Form 6-K;

- (c) the 2012 Conditions, the 2011 Conditions, the 2010 Conditions, the 2009 Conditions, the 2008 Conditions, the 2007 Conditions, the 2006 Conditions, and the 2005 Conditions;
- (d) the Trust Deed (which contains the forms of Notes in global and definitive form);
- (e) the Agency Agreement;
- (f) the current Base Prospectus in respect of the Programme;
- (g) any supplementary or drawdown base prospectus published since the most recent base prospectus was published and any documents incorporated therein by reference; and
- (h) any Final Terms issued in respect of Notes admitted to listing and/or trading by the listing authority and/or stock exchange since the most recent base prospectus was published.

### **Clearing of the Notes**

7. The Notes may be accepted for clearance through the Clearstream, Luxembourg and Euroclear systems and DTC (which are entities in charge of keeping the records). Notes may also be accepted for clearance through the CMU Service. The relevant CMU instrument number will be set out in the relevant Final Terms. The common code and/or CINS or CUSIP number for each Series of Notes allocated by Clearstream, Luxembourg and Euroclear or DTC will be contained in the relevant Final Terms, along with the International Securities Identification Number for that Series. Transactions will normally be effected for settlement not earlier than three days after the date of the transaction. The relevant Final Terms shall specify any other clearing system as shall have accepted the relevant Notes for clearance together with any further appropriate information.

The address of Euroclear is 1 Boulevard du Roi Albert II, B-1210 Brussels, Belgium and the address of Clearstream, Luxembourg is 42 Avenue JF Kennedy, L-1855 Luxembourg. The address of the CMU Service is 55/F, Two International Finance Centre, 8 Finance Street, Central, Hong Kong. The address of The Depository Trust Company is 55 Water Street, New York, NY10041-0099, U.S.A.

The price and the amount of Notes to be issued under the Programme will be determined by the relevant Issuer and each relevant Dealer at the time of issue in accordance with prevailing market conditions. The Issuers do not intend to provide any post-issuance information in relation to any issues of Notes.

8. The following legend will appear on all Permanent Global Notes with maturities of more than 365 days and on all Definitive Notes, Coupons and Talons: "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".

**PRINCIPAL OFFICES OF THE ISSUERS**

**L.C. Dickinson**  
**Company Secretary**  
**Barclays PLC**  
1 Churchill Place  
London E14 5HP  
United Kingdom

**L.C. Dickinson and P.A. Gonsalves**  
**Joint Company Secretaries**  
**Barclays Bank PLC**  
1 Churchill Place  
London E14 5HP  
United Kingdom

**PRINCIPAL PAYING AGENT, FOREIGN EXCHANGE AGENT,  
AGENT BANK AND TRUSTEE**

**The Bank of New York Mellon, London Branch**  
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London E14 5AL  
United Kingdom

**ICSD REGISTRAR, ICSD PAYING AGENT AND ICSD TRANSFER AGENT  
in respect of notes other than CMU Notes**

**The Bank of New York Mellon (Luxembourg) S.A.**  
Vertigo Building – Polaris  
2-4 rue Eugène Ruppert  
L-2453 Luxembourg

**CMU LODGING AND PAYING AGENT, CMU REGISTRAR AND  
CMU TRANSFER AGENT in respect of CMU Notes**

**The Bank of New York Mellon, Hong Kong Branch**  
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Hong Kong

**ARRANGER**

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**DEALERS**

**Barclays Bank PLC**  
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10 Harewood Avenue  
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**Citigroup Global Markets Limited**  
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Canary Wharf  
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United Kingdom

**Credit Suisse Securities (Europe) Limited**  
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London E14 4QJ  
United Kingdom

**Deutsche Bank AG, London Branch**  
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1 Great Winchester Street  
London EC2N 2DB  
United Kingdom

**Goldman Sachs International**  
Peterborough Court  
133 Fleet Street  
London EC4A 2BB  
United Kingdom

**Merrill Lynch International**  
2 King Edward Street  
London EC1A 1HQ  
United Kingdom

**Morgan Stanley & Co. International plc**  
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**UBS Limited**  
1 Finsbury Avenue  
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*To the Dealers and the Trustee:*

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**AUDITORS TO THE ISSUERS**

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