From Concept to Contract: Contingent Capital Facilities and the G20 Reform of MDB Capital Adequacy Frameworks

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Key messages

A Contingent Capital Facility (CCF) is a capital instrument developed for multilateral development banks (MDBs) to support new lending and facilitate capital adequacy framework reform, while minimising the fiscal cost to governments of supporting international development objectives at a time of geopolitical uncertainty and competing fiscal pressures.

The CCF is a legally binding agreement in which one or more governments commit to purchasing a core capital instrument from an MDB if a predefined, low-probability financial stress event occurs. The nominal amount of the governments' commitment qualifies as MDB supplemental capital today.

The nominal value of the CCF qualifies for capital recognition both before and after its conversion by meeting key eligibility criteria: paid in on a going concern basis, loss-absorbing, perpetual, with discretionary remuneration, and subordinated.

In 2025, the Caribbean Development Bank (CDB) and the MDB Challenge Fund launched a feasibility study to examine a new Contingent Capital Facility for multilateral development banks. In 2026, the Children's Investment Fund Foundation provided funding to develop the CCF proposal into a set of operational contractual templates and risk management policies for both the CDB and the wider MDB community.

The CCF is the cheapest source of MDB capital after unremunerated paid-in equity. Beyond cost, it also strengthens MDB resilience and the ability to recover from shocks, sustains MDB countercyclical lending through stress periods, and provides long-dated protection complementing shorter-term pre-arranged finance.

Becoming 'CCF-ready' enhances MDB's capital adequacy frameworks through economic capital modelling, a Proactive Intervention Framework (PIF) and recovery planning, while offering flexible capital to support a variety of strategic goals and ambitions. The additional capital can increase lending capacity, enhance stress management, provide rating protection or support business model transition and, via private sector insurance wraps, mobilise private sector financing.

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Acronyms

AfDB	African Development Bank
BCIE/CABEI	Banco Centroamericano de Integración Económica
CAF	Capital adequacy framework
CAF-DBLA	Development Bank of Latin America
CCF	Contingent Capital Facility
CDB	Caribbean Development Bank
ECAP	Economic capital
EIF	European Investment Fund
ETCC	Early trigger contingent capital (S&P)
FRA	Fitch usable capital to risk-weighted-assets ratio
GCI	General capital increase
IBRD	International Bank for Reconstruction and Development
MDB	Multilateral development bank
ODA	Official development assistance
PCS	Preferred creditor status
PIF	Proactive Intervention Framework
RAC	Risk-adjusted capital
SDGs	Sustainable Development Goals
TAC	Total adjusted capital (S&P)

Executive Summary

The Contingent Capital Facility (CCF) is a new form of MDB capital designed to support additional lending without requiring shareholder governments to provide paid-in capital upfront: capital is committed in advance, but paid in only if it is needed. Its relevance to G20 MDB reform goes beyond creating additional lending capacity, extending to resilience to shocks and the modernisation of risk management and capital adequacy frameworks (CAFs). The CCF thus gives shareholder governments a practical means of incentivising MDBs to accelerate CAF reform, a key G20 priority.

The project's key question was whether the commitment could remain sufficiently remote from a government fiscal perspective while still earning capital treatment on a going concern basis. Two project phases with the Caribbean Development Bank (CDB) as partner MDB have answered it. The CCF contract templates, together with the policy considerations related to capital modelling and trigger calibration, and the design of a Proactive Intervention Framework (PIF) and a recovery plan playbook are outlined in this report as a public good for the wider MDB community. They are available to any MDB to adapt for their own purposes now that rating agencies recognise CCFs as capital. The CCF is ready to move from concept to contract: the next step is a first transaction with a counterpart government.

The G20 agenda is renewing its focus on unlocking MDB lending capacity by enhancing CAFs, mobilising private capital, taking more risk and operating more efficiently. The CCF supports each.

1. Fiscally efficient capital and lending capacity. The CCF is the cheapest source of capital available to MDBs (after unremunerated paid-in equity) and to governments. As the CCF only triggers in a remote scenario (illustratively 1-in-1,000 years), governments face a low-probability contingent liability that should not require fiscal provisioning, subject to their own accounting rules. Recent rating agency methodology changes to risk-weights have stretched existing MDB capital further but have not increased MDB capital bases. For capital-constrained MDBs, including regional MDBs, the CCF creates new capital resources.

2. Resilience to shocks and pre-arranged finance. An MDB that has to pull back when a geopolitical shock or a climate event is not a shock absorber; it is another channel of contagion. By injecting capital while the MDB remains a going concern, a CCF enables it to keep lending countercyclically through a severe shock. With a CCF, the bank providing pre-arranged finance to borrowers has pre-arranged capital behind it, lasting well beyond other forms of short-dated parametric insurance. A credible recapitalisation mechanism also gives MDB Boards the confidence to take the riskier positions the G20 seeks: equity, subordinated debt, local-currency lending and guarantees.

3. A practical mechanism for CAF reform. Becoming 'CCF-ready' requires a clear view on capital requirements (ideally through economic capital modelling), a PIF with clear capital ratio thresholds for early action, and recovery playbooks that set out what management does, and when. This discipline gives rating agencies and shareholders the confidence to let MDBs use their capital more fully. It also offers comparability anchored in each MDB's own risk-sensitive capital ratio, rather than a single benchmark.

4. Mobilising private capital. Variants in which private insurance enhances a government's CCF commitment could bring private risk capacity onto the liability side of MDB balance sheets in a

financially efficient way. It would complement existing asset-side mobilisation, opening the use of the CCF to a broader range of MDB shareholders, and extending the reach of every public dollar.

The report is designed to offer our stakeholders an opportunity that has been three years in the making. To MDBs: it allows them to take the CCF templates and proposed risk management policy enhancements, and adapt them to their own institutions. To shareholder governments: it provides them with a rare opportunity to work with MDBs to sign the first CCF transaction, the most cost-effective way to back the institutions that governments rely on to deliver their development policy agenda. To insurers and investors: it allows them to bring their products to bear in a new way and build private variants that will take the CCF to scale for a wider range of MDBs. The robust design process that this project has followed has further facilitated the inclusion of the CCF as capital in credit rating agency methodologies.

Uncertainty is here to stay. But with the right tools, agreed in advance and shared across the MDB community, it need not set back the countries MDBs serve. The CCF is now one of those tools. A pilot transaction will define the CCF concept in contracts and be an important contribution to the G20 CAF agenda.

1. Introduction

Purpose and scope

This publication presents the Contingent Capital Facility (CCF) as a new capital instrument for the wider multilateral development bank (MDB) community. It is deliberately generic and is not intended as an implementation report for any single institution. Instead, it sets out how a CCF works, the policy issues any MDB would need to consider before adopting one, and a set of template contractual documents that can be adapted to different MDBs, mandates and shareholder bases.

The design work for the CCF was carried out in collaboration with the Caribbean Development Bank (CDB) as project partner. This report represents the second phase of work; the first phase was completed in partnership with the CDB and the MDB Challenge Fund (McHugh & White, 2025). We are grateful for CDB's openness, engagement and willingness to champion the development of this innovative financial instrument for the CDB's own use and for the benefit of the wider MDB community. The document is not in any way a commentary on the CDB, its capital or risk management policies. Where the partnership informed the design of the CCF, the broader lessons are presented as general insights relevant to any MDB.

The project set out to (i) show that contingent capital facilities can be structured so that the commitment stays remote from a shareholder's fiscal perspective while earning capital recognition from credit rating agencies on a going concern basis; (ii) develop standardised contractual documentation for the facility; (iii) define the enhancements to risk management, capital adequacy and governance frameworks needed to embed the CCF contractual arrangements within an MDB's operations; and (iv) share the results openly to support the G20 MDB reform agenda.

This publication fulfils the project's commitment to deliver a public good for the MDB community. The aim was not to design a bespoke instrument for only one institution. It was to produce materials that any MDB, shareholder or other stakeholder could access, understand and adapt to its own circumstances. The CCF contract templates are therefore presented as adaptable building blocks to facilitate wider adoption across the MDB community. The publication also supports the embedding of a CCF in an MDB's day-to-day operations by discussing the policy issues involved in creating the necessary Proactive Intervention Framework (PIF), the approach to economic capital modelling and trigger calibration, and the recovery plan playbook. Any MDB can apply the project outputs to its own balance sheet, governance and risk appetite.

The remainder of the report is structured around five main sections:

- Section 2: an overview of the key features of the CCF instrument
- Section 3: a discussion of the considerations relating to sovereign and private sector CCF counterparties
- Section 4: an introduction to the core features of the CCF contractual templates
- Section 5: a discussion of the risk management policies needed to integrate a CCF into an MDB: capital modelling and reporting, escalating management actions in response to stress, and recovery plan playbooks
- Section 6: a summary of credit rating agency treatment of CCFs

The report concludes (Section 7) by explaining how to organise a CCF design project and setting out the key lessons learned in creating new MDB capital instruments. Most importantly, it outlines the wider implications of the CCF as a public good in supporting future MDB capital adequacy framework reform priorities.

2. The CCF instrument

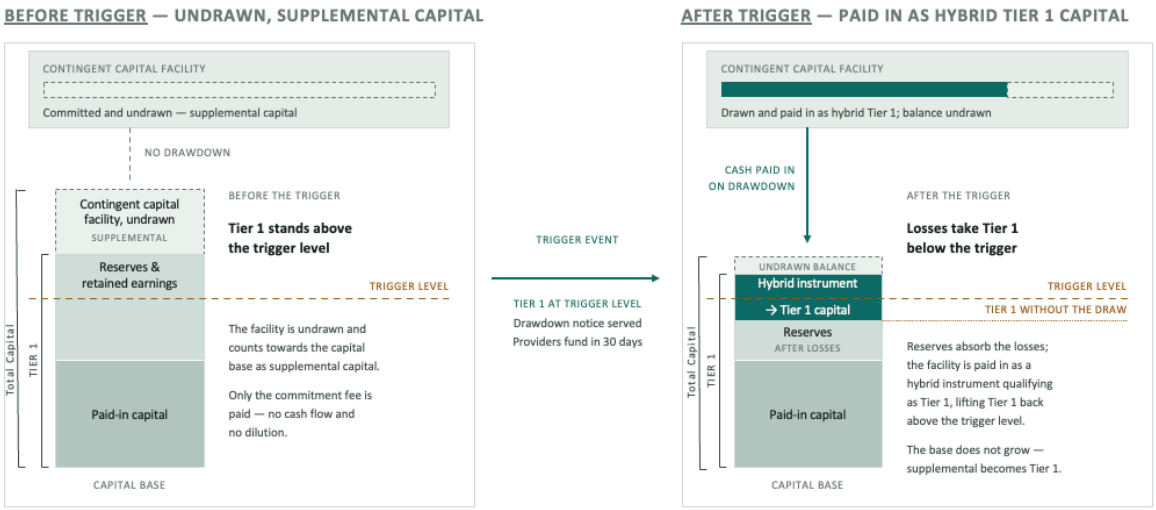
Instrument structure

A CCF is a binding contractual commitment by one or more governments (the facility providers) to purchase a core (Tier 1) capital instrument issued by the MDB in the event of a predefined, remote future stress event. The trigger is defined with respect to an objective and observable MDB financial risk metric – such as a capital adequacy ratio threshold (for example, an economic capital ratio) – and is deliberately calibrated to be a low probability stress event. The commitment becomes automatic once the trigger is reached: the binding contractual nature of the CCF means the government has no discretion over whether to purchase the capital when triggered, and payment must be made promptly, with the CCF contract setting out the issuance process and payment timetable, completed over a defined period of weeks or months (for example, within a maximum of three months).

Critically, the CCF obligation on the government counterparty is triggered while the MDB remains a going concern, with payment completed within the contractual timetable and well before any risk of non-viability. See **Appendix 2** for an illustration of the flow of funds and obligations under the CCF both before and after it is triggered. As the instrument issued in the event of a trigger being met is non-voting, establishing a CCF has no impact on the MDB's governance or shareholder voting rights.

The form of the payout is an important consideration for the facility providers. Once a CCF is triggered, the government pays cash and receives in exchange a newly issued hybrid security: a core capital debt instrument with the features of an Additional Tier 1 hybrid. Accordingly, the CCF hybrid instrument is perpetual, deeply subordinated (senior only to equity, but junior to other unsecured creditors), loss-absorbing through write-down, with discretionary remuneration and issuer calls permitted. The CCF hybrid instrument is also assumed to be issued with a coupon equal to the government's own cost of funding, although remuneration is an open design parameter for negotiation between the MDB and the facility provider. The government therefore acquires a financial asset rather than making a grant or guarantee payout – a feature with potentially significant fiscal and accounting advantages over the use of guarantees for providers whose debt metrics net off financial assets (for example, under current UK rules, where such an investment may be treated as a financial transaction under the public sector net financial liabilities measure).

Figure 1. CCF: the two-state capital base



Both stacks are drawn to the same scale: the shorter reserves band on the right reflects the loss, and the solid level shows where Tier 1 would sit without the draw — below the dotted trigger. The facility, already inside the capital base as supplemental capital, is paid in as a hybrid Tier 1 instrument and carries Tier 1 back over the line. The base is no larger afterwards; its composition has changed.

Capital recognition, tenor and cost

Although the CCF is unfunded until triggered, the instrument is designed so that the nominal amount of the government's pre-trigger commitment qualifies as supplemental capital today. This is recognised as such by rating agencies and expands the MDB's capital resources and lending capacity from day one. To reflect its contingent nature, its maximum contribution to the MDB's capital ratio would be capped at around 33%, with Tier 1 making up at least 60 to 70% of the MDB's capital target or internal requirement. The facility would also be integrated into the MDB's risk appetite, risk management, capital adequacy, and recovery planning frameworks.

On tenor, there are precedents for comparable facilities with terms of up to 20 years (see UK contingent capital commitments to GuarantCo (Hansard, 2021)). The design logic is that the term should mirror the maturity of the underlying assets the capital supports: as MDBs specialise in long-term financing, with loan maturities generally of 15 to 35 years or more, the CCF's maturity should reflect the term of the underlying credit risk. Recognition would phase out as the pre-trigger facility's residual maturity falls below a specified level, echoing the amortisation of dated Tier 2 instruments under the Basel capital framework.

Pre-trigger remuneration by the MDB to the government counterparty is discretionary: the facility can be costless to the MDB if this is agreed with the counterparty at the outset. This would suit providers whose support must be eligible as official development assistance, which often requires it to be unremunerated. Alternatively, the pre-trigger CCF could carry a small insurance premium-style fee, providing governments with an income stream reflecting the CCF's consumption of their public accounts contingent liability or guarantee budgets. For the purposes of the CCF contractual templates in **Appendix 4** we have included a commitment fee for illustrative purposes.

Why a contingent facility qualifies as capital

The CCF must demonstrate how it meets the five capital eligibility criteria that run through this paper.

- Paid in: the facility itself is not paid in, but once the contractual trigger is reached, the core capital instruments issued under it are fully paid in while the MDB remains a going concern – and the supplemental recognition of the facility's pre-trigger nominal value depends on this conversion to hybrid capital.
- Loss-absorbing: the hybrid instruments issued under the CCF are fully loss-absorbing on a going concern basis.
- Perpetual: the facility has a lengthy maturity, and the hybrid debt instruments issued under it are perpetual and include market standard call features.
- Discretionary remuneration on debt capital: there is discretionary interest cancellation on the underlying hybrid debt capital instrument, with no mandatory distributions
- Subordinated: the instruments issued rank senior only to equity and junior to unsecured creditors in the statutory creditor hierarchy.

The recognition of the CCF as capital and the issuance of any hybrid instruments as part of the facility are supported by robust, non-discretionary, legally enforceable contractual arrangements, with objective and observable triggers occurring while the MDB is a going concern. The credibility of these contractual obligations is underpinned by the credit quality of the CCF counterparties and by terms that make payment obligations irrevocable, unencumbered and prompt. The operationalisation of the CCF contractual provisions is further supported by enhancements to the MDB's internal risk management and capital adequacy framework outlined in Section 5.

Unlike commercial banks, for which post-2008 regulation strictly disallows unpaid capital commitments, MDBs have distinct operational and risk profiles that justify equity-like treatment for well-structured contingent capital. Some of these characteristics include their not-for-profit nature, their focus on long-term funding backed by sovereign funds and their low probability of balance sheet failure (see McHugh, 2024). Moreover, CCF counterparties are highly rated governments with direct board representation and strong policy alignment with the MDB's mandate, for whom the contingent obligation is often an immaterial fraction of their overall sovereign borrowing capacity. This ensures near-certain performance of the CCF as designed if triggered. For governments, the remote calibration of the trigger means the exposure remains a low-probability contingent liability, recorded akin to a guarantee and, as a result, likely to require no provisioning of fiscal resources (subject to any specific government rules).

Precedents and the CDB proposal

The CCF concept has working precedents. In the European insurance sector, Solvency II recognises unfunded but legally binding capital commitments as 'ancillary own funds' for insurers, and the UK has provided GuarantCo with support in the form of unfunded callable equity capital. In addition, structures such as the International Finance Facility for Education rest on the same logic of pre-committed contingent government support.

The CCF blueprint became operational in late 2025, when the International Bank for Reconstruction and Development (IBRD) executed the first CCF transaction with the Government of New Zealand for USD 50 million (labelled 'Enhanced Callable Capital'). The version executed by the IBRD is uniquely tailored to its statutes and designed to trigger very early (when its AAA credit rating is at risk), so it is not directly replicable by other MDBs without changes to their statutes – but as the first contingent instrument built to recapitalise an MDB on a going concern basis, it is a vital proof of concept.

The CDB is currently developing a CCF proposal. A full implementation of the design would include: supplemental capital recognition subject to the cap; an objective capital-adequacy trigger calibrated as a remote event; issuance of non-voting core capital on trigger; robust, legally enforceable contractual arrangements with highly rated counterparties; and integration into the CDB's established capital adequacy, risk management and recovery planning frameworks.

Cost of funding considerations

From a government perspective, the CCF represents a cost-effective way of providing a strong capital instrument to MDBs. The economic cost of providing a CCF is the present value of a very remote trigger, i.e. close to zero, as MDBs have low-risk portfolios. As a result, a fixed amount of government guarantee or contingent-liability budget is more impactful if used to create CCF supplemental capital than through another paid-in instrument. The comparison with first-loss portfolio guarantees, which draw on the same sovereign guarantee budgets but receive less generous rating agency treatment, will be a point of emphasis in the comparative analysis of the most efficient use of scarce government fiscal or guarantee budgets as demonstrated by Humphrey, McHugh and White (2026).

From the MDB's perspective, the CCF is not entirely free. Lending built on unfunded capital must be fully funded with senior borrowing, and prudent liquidity management implies slightly lower leverage than for a paid-in instrument (for example 3.6x rather than 4x). The additional funding requirement would be reflected in an MDB's existing senior borrowing programme. The all-in cost of lending supported by a CCF is lower than with a hybrid, as the hybrid issuance would incur an additional funding spread over the senior bonds of approximately 200 basis points. This suggests that the CCF stands as the cheapest source of capital available to an MDB after unremunerated paid-in equity. The binding constraint on use of CCF supplemental capital is the recognition cap of approximately one-third of total capital resources, which reinforces the argument that the CCF should be considered a complement to, not a substitute for, the paid-in capital and hybrid instruments.

3. CCF counterparties: government and private sector

The purpose of the CCF at the outset of the project was to create a new MDB capital instrument that could support new lending on a like-for-like basis with paid-in equity, using market precedents to justify and articulate our reasoning. Our interactions with shareholders, MDBs, and other interested counterparties have led us to incorporate the variations and applications discussed below.

What a CCF requires of its counterparties

The five capital eligibility criteria set out in Section 2 are met only if the counterparty can be relied upon to perform when the trigger is reached. Three of them depend on the counterparty paying promptly and in full i.e. that the capital is paid in, loss-absorbing and available while the MDB remains a going concern. The other two (i.e. perpetuity and subordination) depend on the counterparty accepting, in return, a subordinated, perpetual instrument with discretionary interest cancellation features necessary to be considered capital. In practice, this translates into three requirements on CCF counterparts. First, credit quality: credit rating agencies give full or near-full credit only to highly rated providers, with S&P applying haircuts from 5% for 'AAA' to 50%

for 'BB' providers, Moody's requiring a minimum rating of A2, considering lower rated counterparts on a case-by-case basis only, and Fitch's exposure draft reserving full credit for providers rated 'A' or above. Second, enforceability: the commitment must be unconditional, irrevocable and legally enforceable, with no discretion over whether to pay once the trigger is met. Third, prompt payment: settlement should be made within a defined period, generally no more than three months after the trigger, over a commitment term long enough (typically around 20 years) to match the MDB's lending. The rest of this section considers which counterparties can meet these requirements, and how the structure can be adapted where they cannot be met in full.

Sovereign shareholder support

Highly rated sovereign shareholders most clearly meet these requirements, and their extraordinary support is explicitly recognised in current credit rating agency methodologies. During the CCF structuring process, we have considered variations that include more than one shareholder providing support.

There are no structural constraints to having multiple CCF providers under one facility agreement. From a proof-of-concept and execution perspective, it is cleaner to focus on a single counterparty; however, it is possible to structure the CCF with more than one counterparty, coordinated via an Agent. The generic documentation described in Section 4 and included in **Appendix 4** has been drafted to accommodate this variation.

Variant configurations

During the project we have had numerous discussions with MDBs, shareholders, and private sector participants about the applications of the CCF. These use cases go beyond creating lending capacity for an MDB and include:

- Resilience: the MDB can take a more assertive position with respect to its risk appetite and lending leverage
- Shareholder expansion: the CCF facilitates an initial expression of support pending agreed paid-in capital
- Private sector participation: the CCF as a means of increasing private sector capital mobilisation
- Adoption by non-MDB organisations: the CCF could be adapted for institutions that are not MDBs but share similar characteristics, including shareholder backed funding structures and capital or balance sheet constraints.

Private sector application is an interesting use case and preliminary analysis highlights two variations. The first would be to wrap the government provider’s CCF obligation with insurance, enhancing its credit quality. The implication is that for certain sovereign shareholders with lower credit ratings, it might be possible to configure the CCF for their use, subject to insurance market supply and contractual conditions.

The second would be for the CCF provider to collateralise its position to affirm its support and remove questions regarding the credit rating of the CCF counterparty. This would mirror the growth of funded securitisations in the private sector and could also be deployed by sovereigns that could use uncorrelated high-quality collateral as security.

Developing these variants would require an MDB to spearhead a transaction, in the same spirit in which the CDB has pioneered the design of the CCF, as private sector investors and insurers respond to specific transaction requests rather than general enquiries. Preliminary discussions with the insurance market indicate that private participants will 'look through' the transaction and assess the quality of the MDB's underwriting and risk management, much as they would for comparable risk transfers such as credit risk insurance or securitisation. A credible private sector CCF therefore depends on the facility being embedded in a robust risk framework for monitoring and managing the risk of a trigger breach – the economic capital modelling, Proactive Intervention Framework and recovery planning arrangements set out in Section 5. Strong risk management is thus a precondition not only for credit rating agency recognition but also for mobilising private risk capacity.

4. CCF contracts: generic templates for MDBs

A central part of the CCF project has been the development of contractual templates for the CCF, to demonstrate the mechanics and highlight the various design choices that can be made. An MDB considering the implementation of a CCF would need to appoint its own legal counsel to proceed with such a structure. One of the core purposes of this project has been to ensure that the content, and lessons learned, are freely available to the MDB community. To this end, generic CCF contracts are published in this report for consideration by MDBs and other similar institutions. The CCF is set out in two linked contracts that follow established capital-markets practice.

The Facility Agreement

The Facility Agreement is a binding contractual commitment between the MDB and one or more highly rated sovereign shareholders, the Facility Providers. Over a long availability period (for example, 20 years), each provider agrees to subscribe for the MDB's hybrid capital notes (eligible Tier 1 capital) if the MDB's chosen capital coverage ratio falls to a pre-agreed, remote and low probability trigger level. The trigger is monitored through the MDB's own risk appetite framework and PIF. Once the MDB determines that the trigger has been met, the notes are issued on the same day, automatically and unconditionally. The provider then pays for the capital instrument it receives within a maximum of three months. Where there are multiple providers, their obligations are several, so each is responsible only for its own share, and an agent can act as the single point for notices between the parties. The agreement also provides for:

- a provider to reduce or replace its commitment with paid-in equity contributed as part of a general capital increase;
- termination if two or more rating agencies stop recognising the facility as capital;
- the facility to expire automatically at maturity if it is never triggered.

The Note Agreement

The Note Agreement sets out the terms of the Tier 1 capital instrument that is issued on the occurrence of a trigger event. It has been drafted to correspond with existing MDB hybrid debt market precedents. Accordingly, the notes are perpetual, non-voting and subordinated to senior debt. They rank equally with the MDB's other loss-absorbing hybrid capital. Coupons are floating-rate and are subject to discretionary interest cancellation features, and mandatory interest

cancellation provisions once a defined trigger is breached. The MDB may call the notes at par after an initial period.

Together, the contracts deliver the CCF's central feature: rating agencies recognise the facility as capital from the start, but cash is paid, and a perpetual, deferrable and subordinated instrument created, only if the remote-probability trigger is met.

The full template Facility Agreement and Note Agreement, with a summary of their key terms, are provided in **Appendix 4**. Parameters shown in square brackets (commitment size, term, trigger level, fees and coupon margin) are illustrative, as each adopting MDB and its counterparties would need to calibrate them.

5. Risk management policy preconditions

There are three core elements that need to be in place for a CCF to be implemented. First, there needs to be a clear understanding of the MDB's capital modelling framework and how it captures the idiosyncrasies of the MDB. Second, the outputs of that modelling need to be translated into the correct metrics for CCF reporting and monitoring. Third, the internal risk management frameworks need to ensure that there is appropriate visibility and governance around how to respond to varying degrees of financial stress. We address each of these in turn.

Capital modelling

Economic capital (ECAP) modelling is at the core of modern risk management and consistent with the direction of travel of the G20 capital adequacy framework agenda. The key concept is that ECAP captures the specific risks that an MDB is facing with its loan portfolio, whether that is credit risk (sovereign or private sector), correlation risk, climate risk or other risks. Ultimately, ECAP modelling enables an institution to express its risk, and calibrate its risk appetite, appropriately.

As a capital instrument, the primary purpose of a CCF is typically to preserve an MDB's capital adequacy while it remains a going concern, although it can equally support resilience and a robust risk response more generally. The activation trigger for a CCF should therefore signal when contingent capital needs to be deployed to maintain the MDB's strength. The precise metric may differ across MDBs because their ECAP frameworks are not identical. The governing principle, however, should remain consistent: the trigger should compare capital resources available to absorb losses with the capital required to support the institution's risk profile and Board-approved capital objectives.

The first analytical step is to examine the components of the MDB's ECAP framework and identify the dominant drivers of both the level and volatility of required capital. This determines the appropriate scope of the trigger calibration exercise.

Given the nature of MDB activity, credit risk from lending operations will be the dominant source of ECAP and the principal driver of changes in capital required during periods of financial stress. Where credit ECAP represents the overwhelming majority of ECAP volatility, trigger calibration can be simplified by focusing on the banking book without materially reducing accuracy. This conclusion should nevertheless be verified for each institution rather than assumed. While a single risk framework across MDBs would be ideal, each institution has idiosyncrasies that need to be considered and designed for.

Although an MDB's existing models may report key capital metrics, their mechanics or outputs may not be suitable for estimating the probability that a CCF trigger will be reached. In that case, an MDB's capital model may need to be enhanced or supplemented by a parallel analytical tool.

The analytical objective is to observe directly the relationship between portfolio losses and their associated probabilities. A conventional ECAP model estimates the loss associated with a selected confidence level. Trigger calibration requires the inverse question to be answered: what is the probability associated with an arbitrary loss threshold? These are mathematically distinct tasks. The latter capability allows alternative trigger levels and their implied likelihood of activation to be compared directly.

The existing or enhanced model should therefore produce, or permit reconstruction of, the loss distribution rather than only a single percentile estimate. This distribution provides the basis for calibrating the trigger and testing how its activation probability changes under alternative assumptions.

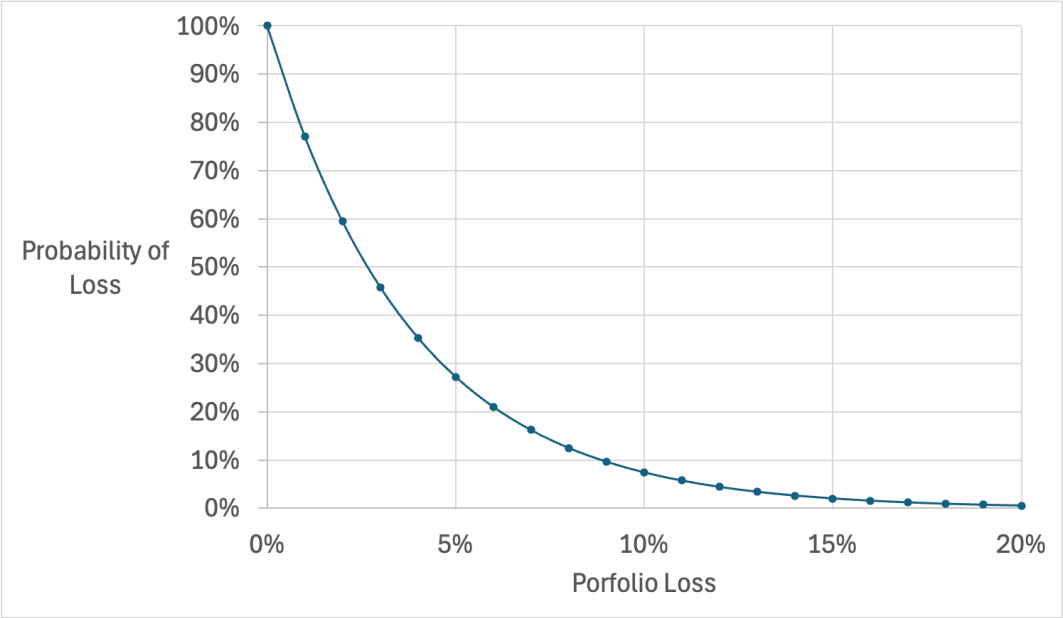
ECAP statistical analysis

ECAP modelling can produce an empirical distribution of losses from which the probability of exceeding a specified capital threshold can be estimated. The shape of the distribution will reflect the portfolio's characteristics: a concentrated portfolio may exhibit a long tail and irregular peaks, whereas a more granular portfolio would generally produce a smoother distribution. A statistical approximation can be fitted to the simulated loss distribution to enable the identification of capital ratio triggers with varying probabilities and support ongoing monitoring of those triggers. The selected distribution should be driven by goodness of fit and the characteristics of the underlying ECAP output, rather than prescribed uniformly across MDBs. Each MDB has a has a distinct lending portfolio, and it is important that any calibration reflects this underlying credit risk. The chosen approximation translates a loss threshold into a tail probability. If the credit portfolio changes shape over time (e.g. proportionately more private sector lending), the best fit approximation can be recalibrated.

During the project with the CDB, we considered many different portfolio structures and tested different correlation scenarios. We built a parallel ECAP Monte Carlo model to experiment with stress scenarios, statistical bias, and concentrations. Ultimately, we found that the calibration of the CCF trigger was robust to the correlation and default rate assumptions tested. The key variable was the assumed loss given default, which in turn links back to model assumptions on preferred creditor status (PCS). The PCS assumption is therefore a key decision for the MDB and its shareholders when calibrating a CCF.

Our finding was that statistical analysis of the ECAP model provides an effective way to express both risk appetite and the 'riskiness' of a chosen CCF trigger. The choice of trigger placement and the expression of risk are clearly interrelated. To illustrate the trade-offs, Figure 2 shows the statistical relationship that we established between loss and its probability for a primarily sovereign risk portfolio. The relationship is statistically robust and can be approximated with an exponential function. This facilitates a clear, short-form way for an MDB to measure, monitor, and report on risk. This relationship should be relatively stable for a given MDB over a multi-year time scale and can therefore provide a consistent basis for calibrating and monitoring the CCF trigger.

Figure 2. Illustrative loss distribution fit (e.g. loss given default 15%, B average credit rating)



We should acknowledge that there is significant event risk in an MDB portfolio, and that concentration risk is a key consideration. However, models and the implied relationships describe a central case; event and concentration risk should be assessed separately through stress testing.

The parameters of the fitted distribution will depend on portfolio composition and credit quality and may therefore change over time. Provided that the underlying ECAP outputs can be extracted and the approximation recalibrated periodically, the statistical fit can support routine monitoring without requiring the full ECAP model to be rerun for every indicative calculation.

Practical implementation of the trigger framework

During the project, the team considered many variations of CCF triggers. The key question was which characteristics a CCF trigger should have. Although ECAP reflects the specific characteristics of an institution, it is critical that the institution itself is equipped to report and respond to the risks without creating an entirely new framework, which could be impractical and expensive.

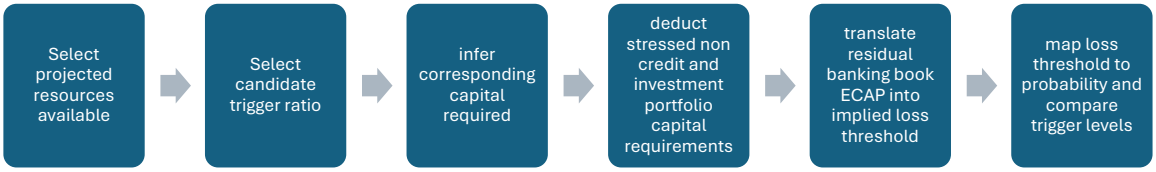
We established a core principle during the project that a capital trigger linked to stress needs to be directly connected to the current methods and practices that an MDB uses in its risk management framework. In other words, the CCF trigger should be intrinsically linked to an MDB's risk appetite.

It is important to consider the capital impact from exposures outside the core lending portfolio. Market risks may be mitigated through the MDB's hedging framework, while operational and other non-credit risks may be modelled separately from the stressed credit scenario. Any simplifying assumptions regarding these components should be transparent and tested through sensitivity and robustness analysis as part of final calibration. The practical framework uses the probability estimates developed above to compare alternative trigger levels and their implied likelihood of activation.

Calibration may begin from a projected portfolio consistent with the MDB's strategic plan, rather than from the current loan book alone. This allows the trigger to remain appropriate as the balance sheet grows.

The implied banking-book ECAP is then translated into a portfolio loss threshold and mapped to an exceedance probability using the fitted loss distribution.

Figure 3. Practical sequence for trigger calibration



Trigger levels should be calibrated so that activation remains a low-probability event under normal conditions, including planned balance-sheet growth, while still providing sufficient time for capital to be deployed before capital adequacy becomes impaired. The monitoring horizon should be consistent with the ECAP modelling horizon.

Trigger grounded in internal metrics

The CCF trigger should be grounded in the MDB's own capital adequacy framework. Conceptually there are two key elements to consider: at any point in time the MDB has an estimate of the total resources required and the total resources available, which includes all capital and retained reserves. The choice of trigger ought to reflect the relationship between capital resources available and those required, and this should be institution specific. We refer to this relationship as an ECAP Coverage Ratio for the remainder of this paper (the same core principles would apply to an MDB currently using standardised capital calculations).

In summary, the ECAP Coverage Ratio compares the capital resources available to absorb losses, including eligible supplemental capital provided by a CCF, with the capital required to support the institution's risk profile. Because this is a risk-based measure embedded in day-to-day capital management and lending decisions, it provides a coherent basis for determining when additional loss-absorbing resources should become available.

Other candidate ratios were considered and evaluated against a pre-defined Trigger Selection Framework as part of our project. While some of these metrics offered advantages in terms of simplicity and transparency, none met all the prerequisites.

Accounting metrics may be easier to observe and verify, but they measure balance-sheet size rather than economic risk. The primary purpose of a CCF is to provide additional loss-absorbing capital when an MDB's capital adequacy deteriorates. The conversion trigger should therefore be aligned with the institution's capital adequacy framework rather than with an accounting measure of leverage.

While we consider the ECAP Coverage Ratio optimal, alternative metrics may remain useful as monitoring indicators or cross-checks but are less suitable as the primary basis for facility staging or conversion:

1. Equity-based accounting ratios. Equity-to-assets or equity-to-loans measures are used in some MDB hybrid instruments because they are simple and can be linked to published financial statements. They are nevertheless unsuitable as the primary CCF trigger. They do not capture all eligible supplemental capital, are not risk-sensitive and can move when balance-sheet exposures are exchanged or restructured even if the underlying capital position is unchanged. Their apparent observability therefore comes at the cost of a weaker relationship with economic solvency.
2. Rating agency risk-adjusted capital (RAC) ratio. A RAC ratio can be useful as a translation and communication tool and may be retained as a cross-check. However, it is unsuitable as a trigger because it depends on an external methodology that may change independently of the MDB's underlying capital position. A revision to the treatment of concentration or another methodological parameter could move the reported ratio materially without any corresponding change in the institution's capital stock or risk profile. A trigger hardwired to that ratio would therefore be unstable by construction and difficult for a government counterparty to accept. MDBs should not 'subcontract' their risks to a third party.
3. Liquidity ratio. Liquidity metrics assess an MDB's ability to meet its cash obligations over a defined period. They are important for liquidity-risk management and may provide useful complementary monitoring information, but they do not measure the adequacy of loss-absorbing capital. A liquidity trigger could therefore be activated by funding or cash flow pressures even where the MDB's underlying capital position remained sound, making it unsuitable as the primary trigger for a facility designed to protect capital adequacy.

In summary, the CCF trigger should reflect changes in the MDB's evolving risk profile, be embedded within the existing capital adequacy framework, align management incentives with prudent risk management, provide a meaningful measure of the MDB's distance from capital stress and remain fully within the MDB's control, protecting the CCF from external methodology changes.

Proactive Intervention Framework (PIF)

What the PIF is and its key features

The PIF is a structured framework that codifies an MDB management's description of the stages of escalation and associated capital ratios as the MDB moves from normal operations to financial stress management. It places the institution on a five-point scale according to a forward-looking judgement of its proximity to non-viability, drawing on its capital, liquidity, governance and business risk. Scores 1 and 2 describe a going concern with minor or moderate risks; Scores 3 and 4 describe a risk to viability that is imminent or has materialised; Score 5 is non-viability. Each Score carries a defined set of management actions, so that the MDB acts early — while corrective action is still possible — rather than waiting for a hard limit to be breached.

For illustration purposes we have represented the PIF levels with CCF triggers linked to a notional probability of their occurrence. Trigger specification would need to reflect the MDB's own risk profile and be calibrated relative to its risk appetite and its own capital framework.

Figure 4. The PIF escalation ladder — Scores, capital ratio triggers and probabilities

PIF Score	Risk to viability	Capital trigger probability
1	Low — no risk to viability; minor weaknesses only.	Within the MDB's existing risk appetite metrics
2	Low/Medium risk – higher than usual credit losses	1-in-10 to 1-in-20-year event
3	Upper medium — risk to viability imminent absent action; serious deficiencies. Mandatory preparatory actions.	1-in-100-year event
4	Severe Stress — imminent risk materialised; non-viability probable unless material recovery action taken imminently. CCF conversion calibrated here.	1-in-1,000-year event — approximating the loss of around half of available capital resources.
5	Non-viability — no longer viable; potential liquidation; external measures required.	Write-down of hybrid capital; call on callable capital; entry into winding up.

See **Appendix 1** for a more detailed PIF management escalation ladder with illustrative relationship between scores, capital ratio triggers and management actions.

The key features of a PIF include:

- One objective anchor metric: Each PIF score is tied to a trigger level of the capital ratio (e.g. the ECAP Coverage Ratio): total resources available divided by total resources required, where total resources required is the Board-set minimum capital target derived from the MDB's own capital adequacy framework around which the capital model operates. The ratio is risk-sensitive, intuitive and integrated into the MDB's established capital adequacy and reporting framework (e.g. ECAP modelling).
- A calibrated stress continuum: Capital ratio trigger levels are mapped to modelled probabilities, so that increasing proximity to stress is visible in advance and linked to a PIF Score. In an illustrative MDB calibration, a fall from a 'normalised' capital ratio to a position in which roughly one half of the available capital has been lost has a very low modelled probability; for example, the CCF trigger could correspond to a 1-in-1,000-year event.
- Judgement at entry, commitment in response: MDB management exercises its discretion when setting the specific PIF stage capital ratio triggers and in determining which Score the MDB is in at any given time; but once that determination is made, the response is more rule-governed. Some actions outlined in each PIF Score will be discretionary while others, such as CCF conversion, are automatic and pre-authorised by the Board.
- Built on existing governance: The PIF runs through the MDB's existing risk appetite, reporting and escalation structures, not a parallel system, with monthly monitoring by the finance and risk functions, determination of the Score, and escalation to the Board at the most severe Scores.

How the PIF enhances an MDB's risk management framework

Conventional risk appetite frameworks are breach-driven. They signal when an early warning or risk tolerance limit has been crossed but typically offer no further graduation beyond the Board's risk-tolerance limit and do not link a breach to specific, pre-planned management actions or responses. The PIF closes this gap in four ways:

- extends the MDB's risk management escalation ladder beyond established risk tolerance limits (for example, minimum capital ratios required to maintain a rating) to address more severe solvency risks, including the loss of 50% of the capital base and ultimately non-viability (e.g. write-down of hybrid capital). This is particularly important for the CCF as its triggers are calibrated by design to be low probability stress events.
- pairs every stage with a management or recovery action proportionate to the level of stress and aimed at restoring the MDB to within its risk appetite, clarifying in advance who does what as stress deepens.
- shifts reporting from compliance monitoring to forward-looking classification: a metric's trend towards a threshold, alongside the status of any corrective action already under way.
- acts as a transmission mechanism, translating a decline in the headline capital ratio into tightening constraints for individual business lines including credit underwriting and concentration limits, liquidity buffers and, at severe PIF Scores, new lending.

The approach is designed to support the MDB in meeting the Board-agreed risk appetite statement and associated limits. The PIF's capital ratio triggers define what type of action should be taken to allow the MDB to operate within the Board-agreed risk appetite under different levels of stress, i.e. the more severe the stress, the more material the management action required. In so doing, the PIF reinforces the MDB's risk management monitoring and governance arrangements. Documenting risks and recovery actions does not make a stress event more likely; instead, it helps clarify the response required if the MDB finds itself in stress of varying degrees.

Supporting the integration of a CCF

A CCF delivers new paid-in capital to an MDB at a defined point of severe but remote stress. Its contractual trigger, however, is a threshold, not a monitoring system: without a PIF, the facility has no reliable internal mechanism to track proximity to conversion or to confirm when the trigger is met. The PIF supplies the missing operating layer across four dimensions:

- Risk management: Progressive visibility of the path to conversion, allowing preparatory action to be sequenced against other options (e.g. callable capital) in coordination with the counterparty government.
- Capital reporting: The ECAP Coverage Ratio, with its associated probabilities, reported monthly and placing the conversion trigger for Score 4 on the same scale as the MDB's everyday capital metrics.
- Governance: The Board pre-authorises conversion; the Chief Risk Officer confirms, and can evidence, that the Score 4 ratio has been met; conversion then proceeds through a documented playbook. This ensures conversion occurs on a going concern basis and before any hybrid capital trigger, a precondition for credit rating agency recognition of the facility as capital.
- Resourcing: Defined roles and risk owners at each tier, economic capital modelling able to report exceedance probabilities, periodic back-testing and recalibration through the risk

appetite approval cycle, and business continuity and contingency plans invoked at Scores 4–5.

Broader relevance: recovery plan trigger and capital adequacy reform

The PIF's value is not confined to the CCF. By setting clearly identified capital ratio triggers for each PIF Score, each corresponding to a Board-defined level of MDB stress, the PIF defines when a recovery action should be implemented: at Score 3 the recovery plan is refreshed and immediate actions agreed (capital augmentation, asset sales, risk transfer); at Score 4 a remediation plan is executed, and contingent capital converts automatically. The same PIF architecture designed for CCF implementation can also accommodate further recovery tools, such as hybrid capital coupon deferral or write-down, or liquidity triggers, provided each is calibrated to comparable probability and severity, so the ladder is not diluted.

More broadly, the PIF offers MDBs a standard, reusable template for advancing the G20 capital adequacy framework agenda, whether or not an institution deploys a CCF – though it is necessary for those that do. The PIF builds on precedents such as the International Bank for Reconstruction and Development's Framework for Restoration Measures while mapping a wider spectrum of stress, from the status quo to non-viability. For MDBs earlier in their capital adequacy framework development journey, access to contingent capital is a concrete incentive to build economic capital, escalation and recovery capabilities; for more advanced ones, it sharpens the links between capital measurement, Board governance and management action. Government and private investors expect MDBs to act pre-emptively to avoid triggering capital instruments, and rating agencies look for robust internal risk management and governance, not only strong capital. Because weak intervention arrangements at one MDB could affect perceptions – and funding spreads – across the sector, the benefit is systemic: even if a facility is never triggered, becoming 'CCF-ready' leaves an institution with stronger capital measurement, governance, monitoring and intervention capabilities.

Recovery plan playbooks

A recovery plan sets out the actions an institution can take on its own to restore itself to a stable and viable position if it comes under stress. For an MDB, a CCF is a particularly powerful recovery option, if appropriately sized, in response to a low probability, severe stress event: pre-agreed, contractually binding shareholder support that injects paid-in capital at a defined point of going concern stress, earlier than any hybrid debt write-down trigger or any call on treaty-based callable capital obligations to bondholders. But a contract alone does not make a recovery option feasible to implement or credible in a crisis.

The CCF recovery plan playbook is the document that turns the facility into an executable action, using the PIF to link a deteriorating capital position to the implementation of recovery options. The playbook is anchored to the MDB's capital adequacy framework and linked to minimum capital ratios (e.g. the ECAP Coverage Ratio); other financial metrics, such as liquidity indicators, can be added as they are developed, provided they are calibrated to comparable probability and severity.

- Embedded in enterprise-wide risk management. An established MDB recovery planning process codifies the CCF as a recovery option within the risk management framework, consistent with the risk appetite framework, capital adequacy assessment, contingency funding and business continuity plans. This ensures that severe stress as defined by the PIF Score results in one coherent process rather than parallel procedures.

- A clear, objective trigger. The plan states the PIF Score and associated capital ratio at which the option is implemented: Score 4, when the ECAP Coverage Ratio is less than the calibrated threshold. The ratio is risk-sensitive, within the MDB's control and accepted by the counterparty as an objective conversion standard, and the trigger is calibrated so conversion occurs on a going concern basis, ahead of other hybrid capital triggers.
- Implementable in stress, a question of culture as much as documentation. A credible plan must work under stress, and the institution must be both willing and able to use it. Short, navigable playbooks, standing authorities and regular rehearsal make activation a routine governance step rather than a decision taken for the first time in a crisis.

Making each component of a credible plan specific to the CCF

International recovery planning practice identifies common components that make any recovery option credible: early warning indicators, clear governance, executable operational steps, coordination with counterparties, a communications plan, and regular testing. A generic recovery plan describes these in general terms. The playbook goes further, translating each into the specific people, thresholds, documents and timelines needed to activate a CCF, so that when the trigger is met the institution is executing a rehearsed procedure rather than designing one under pressure.

Figure 5. Recovery Plan Components & Playbook Activities

Plan component	How the playbook makes it specific to the CCF
Early warning indicators	PIF Scores and the ECAP Coverage Ratio serve as the early warning system, monitored monthly by the finance and risk functions using a three-year forecast. From PIF Score 3, the MDB gives anticipatory notice to the CCF counterparty that conversion may be approaching.
Governance	A defined escalation chain: Risk dept → Risk Committees → MDB Executive Leadership → MDB Board. Judgement sits only in the Score 4 determination; after that, CCF conversion binds automatically as a Board pre-authorised action.
Day-one runbook	Nine steps covering trigger validation, the Score 4 determination, a same-day Activation Notice to the Agent and unconditional same-day issuance of the notes — not contingent on receipt of funds. Payment follows within three months.
Counterparty coordination	Single hub for notices and information. Each government's statutory clearances and budget appropriation lead times are pre-mapped to the three-month payment longstop, and obligations are several, so one late payer does not hold up others.
Communications	Staged messaging to staff and the Board, shareholders, rating agencies and bondholders, framing conversion as a going concern recapitalisation that occurs before any hybrid write-down trigger; checkpoints confirm any domestic parliamentary disclosures.
Testing and maintenance	Annual fire drills with the counterparty and Agent test notice, issuance and payment mechanics. Triggers are back-tested against ECAP reporting and reverse stress testing, and the playbook is re-approved by the Board annually.

Operational governance for orderly execution

As CCF conversion is pre-authorised by the Board, decision-making when the trigger is met shifts from fresh approval to verification. At this point, the recovery plan playbook sets out that MDB senior management (e.g. the Chief Risk Officer) confirms that the ECAP Coverage Ratio trigger has been met, the governance chain validates the PIF Score 4 determination, and pre-agreed documentation (e.g. the Activation Trigger Event Notice) and the Notes are issued contemporaneously. Clear ownership (e.g. the Chief Risk Officer for triggers; the Chief Financial Officer for the facility, execution and settlement), parallel balance-sheet checks, a maintained contact directory and fall-back arrangements remove single points of failure in the process. The result is a conversion that is orderly, well-coordinated and predictable for the MDB, shareholders, and rating agencies. Even if the facility is never used, the discipline of preparing, testing and maintaining the recovery plan playbook strengthens the institution's capacity to anticipate and manage stress.

6. Credit rating agency treatment of CCFs

The three major credit rating agencies now recognise, or have proposed recognising, CCFs as MDB capital, each under its own MDB ratings framework. S&P counts CCF as capital in Total Adjusted Capital (TAC) under its 'Early Trigger Contingent Capital' (ETCC) category, introduced in its Multilateral Lending Institutions methodology of 13 October 2025. Moody's has proposed recognising them as 'useable equity' in its MDB methodology update. Fitch's Supranationals Rating Criteria exposure draft of 1 September 2026 (comments due 23 October 2026) credits them to usable capital in its usable capital-to-risk-weighted assets (FRA) ratio.

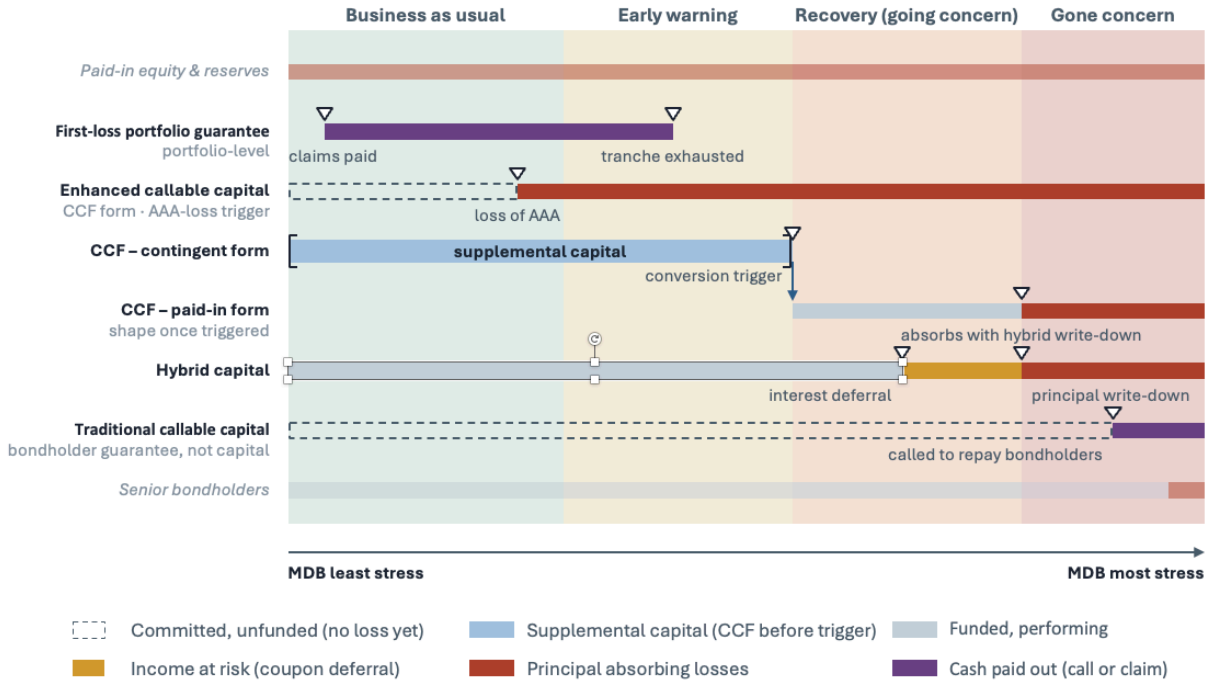
The credit rating agencies' engagement with the CCF as an MDB financial innovation is a positive example of the constructive contribution they are making to the reform of MDB capital adequacy frameworks and to the G20 agenda of making MDBs bigger, better and more effective. The agencies have been engaging with the CCF concept since October 2023, through bilateral meetings and workshops held by the authors at the 2024 and 2025 IMF and World Bank Spring and Annual Meetings. As the CCF's value to an MDB lies in the capital uplift the agencies recognise, rating agency criteria in practice set the key design parameters: provider eligibility, trigger design and timing, speed of disbursement, maturity and sizing. The agencies have also indicated that the treatment of a specific CCF structure would need to be confirmed once a detailed structure has been published or a transaction executed.

The three frameworks share a common core but differ in detail**.** To recognise a CCF, S&P requires conversion into paid-in core capital to occur on a going concern basis, the commitment to be supported by an unconditional and irrevocable provider commitment, and payment on issuance of that instrument generally to be made within three months of the trigger. S&P applies a haircut to the CCF commitment depending on the creditworthiness of the provider ranging from 5% for 'AAA' providers to 50% for 'BB' providers. Moody's requires a provider rated at least A2 (lower rated providers are considered only on a case-by-case basis and with haircuts applied). It expects a minimum 20-year maturity on the facility at inception with reductions in its contribution to useable equity at five years' remaining maturity. It requires an objective CCF trigger tied to the MDB's business model that occur "*in a going concern scenario, well before material credit stress*", with payment on trigger required within about three months maximum. Fitch's draft proposal would recognise a CCF as capital depending on how certain it is that the capital will be paid in: 100% recognition of the CCF commitment as capital where it becomes available before the MDB loses its current rating (providers rated 'A' or above), up to 50% recognition where it

becomes available only under certain stress scenarios, and only 10% recognition where the trigger is assessed by Fitch's rating committee as too remote.

On timing relative to other instruments, S&P expects ETCC to trigger earlier than callable capital and before hybrid write-down triggers. Using existing public MDB hybrids as a guide, write-down is triggered when the MDB's ratio of total assets to total shareholders' equity exceeds 16.0 to 1.0, or when there is a call on callable capital (a treaty-based obligation to bondholders). That would constitute such an extreme level of stress that it would most likely be considered non-viability, so it is critical to map the stress continuum to place the CCF trigger where the MDB is demonstrably still a going concern, while remaining a remote-probability event for sovereign providers. Figure 6 illustrates the position of the CCF relative to other capital instruments, indicating that the CCF trigger can be placed well ahead of any non-viability event and still satisfy the needs of the MDB and its shareholders.

Figure 6. MDB financial stress continuum and capital instruments[1]



On sizing, all three agencies limit reliance on capital other than paid-in capital and reserves:

- **S&P:** ETCC together with high-equity-content hybrids is capped at 50% of adjusted common equity, which is about 33% of TAC.
- **Moody's:** all supplemental capital beyond paid-in equity and reserves is capped at 50% of useable equity.
- **Fitch:** CCFs, hybrids and first-loss guarantees combined are capped at 40% of the FRA and equity/assets numerators, and CCFs receive no credit in the equity-to-assets ratio.

1 Callable capital is considered by most MDBs and shareholders to be a gone concern guarantee instrument.

In practice, therefore, a CCF (together with any hybrids) is constrained to about one-third of the capital stack. **Appendix 3** compares the three agencies' treatment of CCFs in more detail.

As discussed in Section 5 above, a CRA RAC ratio is not a suitable trigger for a CCF. In addition, rating changes themselves should also not be the trigger. A rating action or an agency ratio is a third party's opinion, taken at a time of the agency's choosing and open to methodology change. A trigger based on it would in effect hand part of the MDB's capital adequacy framework to that agency, which runs counter to the G20 Capital Adequacy Framework Review's call for transparent, objective metrics "not necessarily attached to credit rating metrics". The trigger should instead be based on the capital ratio in the MDB's own capital adequacy framework: objective, monitored, automatic on breach and written into the contract.

7. Conclusion: a resource for the MDB community

CCF as a contribution to the G20 reform agenda

The G20 MDB reform agenda asks development banks to do more with the capital they have, become more resilient to shocks, and modernise the capital adequacy frameworks that govern how much risk they can take. The CCF speaks to all three. The CCF gives MDBs a prearranged means of strengthening lending capacity, resilience and the ability to recover from external shocks, so they can keep lending countercyclically when borrowers need it most. As entering a CCF requires robust and risk-sensitive capital modelling, a formal intervention framework and recovery planning, it gives shareholders a practical lever to accelerate the capital adequacy framework reforms that are a core G20 priority. Regarding the CCF solely as another source of lending capacity therefore risks overlooking its broader benefits: the CCF also builds the resilience and confidence that allow existing capital to be deployed more fully. Its wider benefits can be summarised as follows:

Figure 7. CCF and Alignment with MDB CAF Reform Priorities

Benefit	Why it matters for MDB reform
Fiscally efficient capital	The cheapest source of MDB capital after unremunerated paid-in equity. It creates real capital and lending capacity without upfront funding, and its remote trigger (e.g. a 1-in-1,000-year scenario) keeps the contingent liability low-probability for shareholders, subject to each shareholder's own accounting and budgetary rules.
Resilience and countercyclical lending	An additional layer of recovery capacity lets an MDB keep lending through a severe shock as a going concern and gives management and Boards the confidence to deploy existing capital more fully.
Complement to pre-arranged finance	Long-dated capital protection (for example, 20 years) that complements short-dated parametric and catastrophe cover and supports MDBs that offer climate-resilient debt clauses and other shock-responsive instruments.
A mechanism for capital adequacy framework implementation	Becoming 'CCF-ready' requires economic capital modelling, a PIF and recovery planning. These are capabilities that strengthen capital adequacy frameworks and support rating ambitions even if a facility is never triggered.

Benefit	Why it matters for MDB reform
Flexible capital for business model change	As a CCF creates capital rather than covering specific assets, it can bridge uncertain capital needs during transitions (climate, local-currency lending, changing asset mix) and generate more headroom than an equivalent portfolio guarantee.
Extending reach via private risk capacity	A CCF variant using a private insurance wrap could open the instrument to MDBs whose shareholders are not highly rated and mobilise private risk-bearing capacity on the liability side of the MDB's balance sheet.

To help realise these benefits, the outputs of this project are being made available as a public resource. Most importantly, the CCF contract templates, including the Facility Agreement, activation notice and terms of the notes, are provided in **Appendix 4**. The report also sets out the policy preconditions for operationalising a CCF within an MDB, focusing on the PIF policy and governance framework, the technical approach to capital modelling and trigger calibration, and the recovery plan playbook. Together they give MDBs a standard, reusable starting point, allowing each institution to focus its effort on the elements that are genuinely institution specific.

From concept to transaction: structuring a design project

The CCF project demonstrates how to take an idea from a policy paper and ground it in a pathway from ideation to a transaction. The two key ingredients evidenced in this work are the project sequencing, and the design process.

Project sequencing can be thought of in three phases, each of which has a different rhythm, a different set of participants and a different definition of success. Phase 1 is a strategic assessment. It can be completed quickly, provided it is anchored in detailed discussions with management from the outset, and draws on established subject matter expertise. Phase 2 is the longest and most demanding, because it requires engagement across the organisation, rather than only the design team, to embed a new transaction such as the CCF within the wider risk management and capital adequacy frameworks. This includes the legal, finance, risk management and strategy functions, as well as established governance structures. Phase 3 can move relatively quickly once the difficult design questions have been answered and documented, but a well-developed transaction could typically need three to six months to execute. The key to a successful design process is to value collaboration between stakeholders, whether they are directly involved in the transaction or that might have an associated interest. In the case of the CCF, this was facilitated through a project observer group that brought key government and institutional stakeholders into the CCF design process as it developed, surfacing fiscal, legal and policy constraints early, building ownership among those whose approval would ultimately be needed, and helping to facilitate any subsequent approval process. The CCF design team's ongoing dialogue and active engagement with credit rating agencies throughout the project helped evaluate how the instrument would be treated under their methodologies and developed a shared understanding of the CCF structure.

There are a few general design principles that should apply to any new financial innovations.

1. **Transaction parameters should be risk sensitive.** In the case of a CCF, the trigger must be objective, risk sensitive and within the institution's control. An ECAP-based measure, such as the ECAP Coverage Ratio, which compares total resources available with total

resources required, meets all three tests. External measures such as a rating agency's risk-adjusted capital ratio are less transparent and can move with methodology decisions made by third parties, and without any change in the institution's capital. Accounting measures are objective but not risk-sensitive and are therefore not linked clearly to risk appetite.

2. **Embed transactions clearly within an institution's risk management framework, not as a bolt-on**. The data, modelling, governance and resources that produce the capital ratio underpinning the CCF must be part of an MDB's business-as-usual capital reporting and risk management. A bespoke process built solely for the facility would undermine the quality and robustness of the trigger, and with it the confidence of counterparties and rating agencies. Integration through the PIF and a recovery plan playbook ensures the trigger is monitored routinely, escalated through existing governance and acted on without hesitation.
3. **Transaction triggers/parameters should match the purpose of the instrument**. The CCF is a capital instrument designed to manage solvency risk, so capital-based triggers should be prioritised. Alternative triggers (such as liquidity metrics) would require developed liquidity forecasting capabilities and calibration to a capital framework, which might lead to a misalignment.
4. **Private sector participation reinforces the importance of strong risk management**. Discussions with private investors confirm that they would look through to the quality of an MDB's underwriting and risk management when considering a CCF-like structure. A credible private sector structure therefore depends on the facility being embedded in a robust risk framework for monitoring and managing trigger-breach risks.

Beyond these four insights, two broader lessons stand out with respect to this project. First, the discipline of becoming 'CCF-ready' is valuable in its own right: it leaves an institution with stronger capital measurement, governance and intervention capabilities whether or not the facility is ever used. Second, judgement should be exercised in advance in assessing the institution's stress level, not in deciding whether to act once a trigger has been met. This distinction is essential both for orderly execution and for recognition by rating agencies. These CCF materials are intended to evolve rather than remain static. They should be updated as rating agency methodologies, accounting treatment and G20 capital adequacy guidance develop, and as further MDBs apply and refine the CCF contracts and supporting risk-management policies. To ensure they remain accessible to the community over time, the intention is to host them in a permanent online location. MDBs, shareholders, rating agencies and other stakeholders are encouraged to use, test, and build on them.

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Appendix 1

Illustrative PIF escalation ladder — Scores, capital ratio triggers and actions

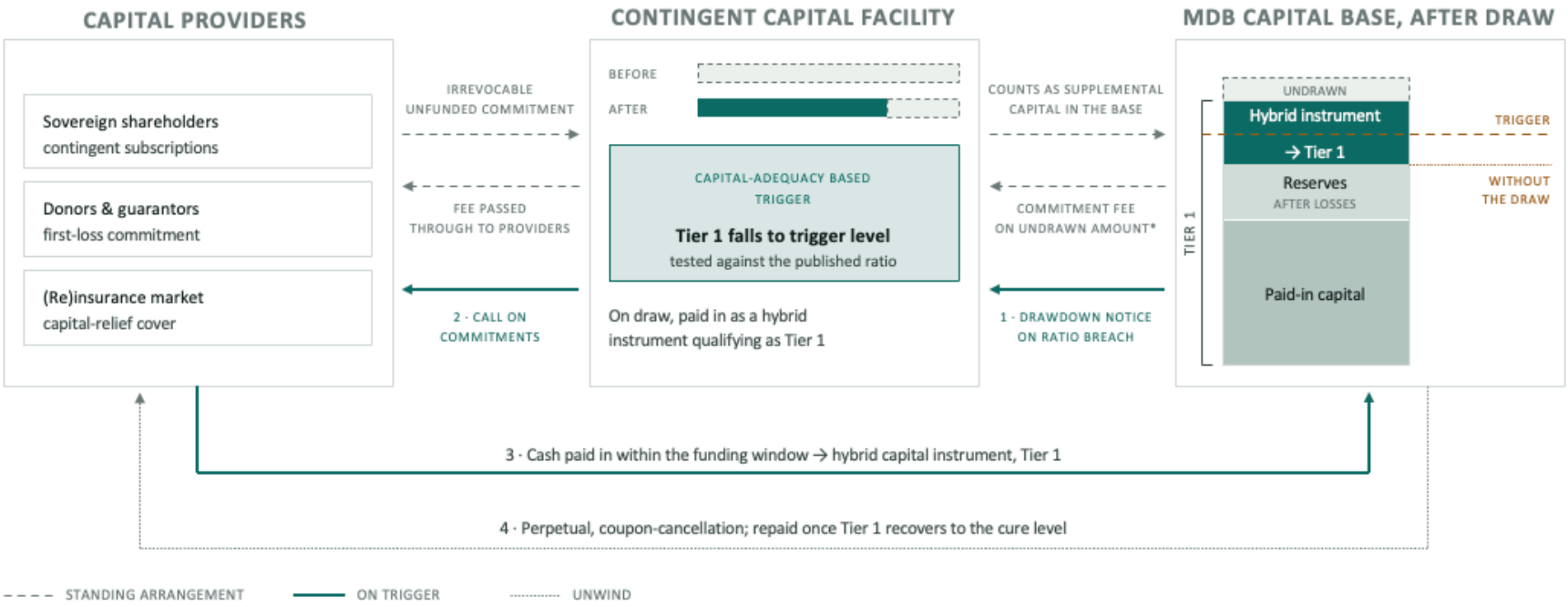
Increasing stress ▼ falling ECAP Coverage Ratio ▼ rising probability of CCF conversion ▼ escalating governance (risk function → executive → Board)

PIF Score	Description	Capital ratio trigger (e.g. ECAP Coverage Ratio)*	Example indicators incl. formal triggers	Possible management actions	Crisis-management actions
GOING CONCERN — business as usual and early stress					
1 Low	No risk to viability.	**≥ [X + 50%]** — normal operating range.	Ratio within normal range; no breach of capital or liquidity targets.	Routine risk monitoring and reporting; regular framework reviews.	Peacetime recovery plan development.
2 Low/ medium	Moderate risk to long-term viability.	**< [X + 50%]** — breach of minimum plus buffer (risk tolerance).	Ratio below normal range; forecast liquidity breach; rising non-performing loans.	Escalate to Board; targeted reviews; remedial action plan; review lending and credit limits.	Crisis-management planning; assess recapitalisation capacity.
PROACTIVE INTERVENTION — risk to viability imminent					
3 Upper medium	Risk to viability imminent without action.	**≈ [X +25%]**	Ratio at Score 3 level; liquidity breach; non-performing loans threaten capital within 12–24 months.	Restrict growth and new activities; refresh recovery plan; agree capital, asset-sale and risk-transfer actions, or hybrid issuance.	Review recovery plan; identify actions to implement; crisis monitoring.
SEVERE STRESS — recovery still possible; CCF conversion trigger					
4 Severe stress	Risks materialised; non-viability likely without recovery action.	**≈ [X]** — CCF conversion trigger.	Ratio at ≈ [1.0]	Execute 6–12-month remediation plan; extreme capital conservation; halt new lending.	**Automatic CCF conversion**; invoke recovery plan playbook; prepare recapitalisation.
HIGH RISK TO NON-VIABILITY — limited prospect of recovery					
5 Non-viability	Non-viability.	Entry into liquidation.	Non-viability determination.	Hybrid write-down triggered; bondholder engagement.	Hybrid write-down triggers activated; call on treaty-based callable capital obligations to bondholders.

** Capital ratio: a measure comparing total resources available with total resources required (Board-set minimum capital derived from economic capital). Bracketed values are illustrative and subject to institution-specific calibration. Management actions are guidance within each Score; CCF conversion at Score 4 is automatic once the Score 4 determination is made.*

Appendix 2

CCF: flow of funds and obligations



What the flow shows: pre-trigger the only cash that may move is the commitment fee, and the facility's value to the MDB is its recognition as supplemental capital within the base; post-trigger the four numbered steps are the contractual sequence, and step four — perpetual, coupon-cancellation, repayable only on cure— is what makes the instrument Tier 1 rather than a loan. The facility is drawn in full, so the whole commitment is paid in as the hybrid instrument that carries capital back over the trigger line.

* The commitment fee is optional: the facility can be structured with or without a fee on the undrawn commitment.

Appendix 3

Credit rating agency treatment of CCFs

Treatment of CCFs under S&P's ETCC criteria, Moody's updated MDB methodology and our understanding of the Fitch exposure draft, against seven features that the agencies and MDBs have converged on as defining an eligible CCF. Page references are to the Fitch exposure draft.

Key rating-agency expectation	S&P (ETCC, Oct 2025 criteria)	Moody's (MDB methodology, June 2026)	Fitch (Exposure Draft, Sept 2026)
1. Automatic / non-discretionary	Required. Legal framework must stipulate unconditionality and irrevocability of the provider's obligation.	Required. Triggers must be clearly defined and tied to the MDB's business model, leaving no legal or practical ambiguity at the moment of stress.	Not addressed for contingent capital. The unconditional, irrevocable and on-demand standard is set only for first-loss portfolio guarantees (p.12); contingent capital is framed as a form of callable capital, a treaty-based obligation to bondholders rather than capital (pp.2, 6).
2. Legal enforceability	Required, via the legal framework supporting the provider commitment.	Required; provider must be a shareholder or institution with a strong institutional interest, under a contractual facility.	Not specified for contingent capital. Enforceability is discussed only for credit-risk mitigants (p.9) and calls on callable capital (p.20).
3. Highly rated support, with haircuts and limits (5% 'AAA' to 50% 'BB')	Provider-rating haircuts of 5% ('AAA') to 50% ('BB'); providers below 'BB-' excluded.	Minimum provider rating A2 (P-1); A3 only case-by-case and subject to haircut. No haircut on notional expected for higher-rated providers.	Provider rated 'A' or above for 100% credit, but only where capital is available before loss of the current rating; 'AAA'/'AA' only for the up-to-50% and 10% tiers. No published haircut schedule — credit set by committee. Contrast the first-loss portfolio guarantee schedule: 100% 'AAA', 80% 'AA', 70% 'A', 50% 'BBB' (p.13).
4. Payment unencumbered and prompt	Legal arrangements must stipulate timely disbursement, generally within three months of trigger.	Payment for capital issued must be settled within approximately three months of trigger.	"Confidence in timely deployment" must be "sufficiently strong" (p.2); no timeframe or contractual standard specified.

Key rating-agency expectation	S&P (ETCC, Oct 2025 criteria)	Moody's (MDB methodology, June 2026)	Fitch (Exposure Draft, Sept 2026)
5. Clear and observable going concern triggers	Going concern conversion required; trigger earlier than hybrid write-down triggers and, by implication, callable capital.	Trigger must occur in a going concern scenario, well before material credit stress; linked to capital ratios or borrower non-payment.	Credit tiered by remoteness: 100% if available before loss of current rating; up to 50% if available "only under certain stress scenarios"; 10% if "too remote" (pp.6–7). "Certain stress scenarios" is undefined and unlinked to Fitch's own capital-strength thresholds.
6. Lengthy maturity (c.20 years pre-trigger); capital instrument issued is perpetual	Not explicitly specified in the ETCC criteria; instrument must convert into shareholders' equity (or equivalent).	Minimum 20-year maturity at inception; removed from useable equity once remaining maturity falls to five years unless a firm replacement is in place.	Not specified for contingent capital. Hybrid criteria require perpetual or >5 years' remaining maturity (p.24).
7. Cap: CCF at c.33% of capital resources counted towards minimum internal capital ratios	ETCC plus high-equity-content hybrids capped at 50% of adjusted common equity, i.e. c.33% of TAC.	Cap of 50% of useable equity on all capital beyond paid-in equity: enhanced callable capital, hybrids, CCFs and first-loss portfolio guarantees.	All capital other than paid-in capital and reserves (CCFs, hybrids and first-loss portfolio guarantees combined) capped at 40% of the FRA and equity-to-assets numerators (p.7); a CCF receives no credit at all in the equity-to-assets ratio.

Sources: S&P Global Ratings (October 2025); Moody's Ratings MDB rating methodology (June 2026); Fitch Ratings exposure draft (September 2026)

Appendix 4

Summary of Key Contractual Terms from the Facility Agreement

Term	Summary
Facility / Total Commitments	Contingent capital facility of USD [●]; Commitment per Facility Provider (Schedule 1).
Availability Period	[20] years from the date of the Agreement (Business-Day adjusted).
Activation Trigger	[●] — the Bank's [preferred capital metric]. An Activation Trigger Event takes place at or below this level.
Activation Trigger Event Determination	Made by the Bank based solely on the objective application of the Activation Trigger to the ECAP Coverage Ratio in accordance with its Risk Appetite Framework; exercised internally through the Bank's PIF governance process. May follow the Availability Period as long as the Activation Trigger Event occurred within it.
Activation Date	The date of the Determination (Business-Day adjusted); issuance of the Contingent Capital Instruments occurs on this date, without further discretion and unconditionally.
Activation Trigger Event Notice	Schedule 2 form delivered to the Agent on the date of the Determination: date of Activation Trigger Event, Activation Date, appropriate details. Agent notifies Facility Providers same day. Non-delivery does not invalidate obligations.
Contingent Capital Instruments	Notes issued in aggregate principal amount equal to Total Commitments, on the Schedule 3 Terms and Conditions; non-voting; recognised post-issue as Additional Tier 1 capital.
Subscription Amount / Longstop	Commitment × Issue Price, payable as soon as possible after the Activation Date and no later than three calendar months after it; obligations several; survive termination.
Monitoring Dates	ECAP Coverage Ratio monitored per the Risk Appetite Framework, no less frequently than specified there (monthly per the PIF); additional monitoring on an ad-hoc basis; monitoring continues to the first Monitoring Date after the Availability Period.
GCI events	A Facility Provider contributing paid-in equity in a General Capital Increase may reduce its Commitment by up to the GCI Amount (GCI Notice; no Determination has been made).
CRA De-Recognition Event	Determination by ≥2 credit rating agencies that the facility has ceased to maintain CRA Recognition (supplemental capital / usable equity / total adjusted capital / early trigger contingent/callable capital); optional termination election.
Automatic termination	On the first Monitoring Date after the Availability Period if no Determination; the day after the Activation Date if a Determination was made; on Commitments reaching zero via GCI; or on a CRA Termination Date.
Fees; default	Commitment Fee at start of Availability Period [as agreed]; agency fee per Fee Letter; fee non-payment → good faith negotiated remedy, no termination or cancellation.
Transfers; governing law	No assignment or transfer by any party; English law; Confidential Information regime (Cl 20); notices per Cl 15.

Generic CCF Contract Templates

The following pages contain the generic CCF templates drafted for the project. Please note that the page numbering within each template is standalone and does not follow the sequence of the core report.

The following contracts are templates only, intended as a starting point for drafting transaction-level CCF contracts; their provisions are indicative and will need to be tailored and refined to reflect the particular circumstances, mandate and legal framework of the relevant MDB and counterpart government(s), and each party should obtain its own independent legal advice before finalising any such contract.

Linklaters

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[*Currency and amount in numbers*]
Contingent Capital Facility Agreement

Dated [_____]

for

[NAME OF BANK]

with

THE FACILITY PROVIDERS

with

[NAME OF AGENT]

acting as Agent[1]

Ref: L-372621

[1] Drafting note: One of the Facility Providers shall be appointed as the Agent to act on behalf of the Facility Providers to facilitate the various administrative and operational aspects of the Facility. If the Multilateral Development Bank's (the "**MDB**") (and the Facility Providers') preference is to not have an Agent, this can be removed from the drafting with consequential amendments to be made throughout.

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THE SCHEDULES

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THIS AGREEMENT is dated [_____] and made between:

(1) **[NAME OF BANK]** (the "**Bank**");

(2) THE PERSONS listed in Schedule 1 as facility providers (the "**Facility Providers**"); and

(3) [_____] as agent of the Facility Providers (the "**Agent**").[2]

IT IS AGREED as follows:

1. DEFINITIONS AND INTERPRETATION

1.1 Definitions

In this Agreement:

"**Activation Date**" means the date on which an Activation Trigger Event Determination is made, provided that if such date would otherwise fall on a day that is not a Business Day, it will instead be adjusted to fall on the first following day that is a Business Day. For the avoidance of doubt, the Activation Date may fall outside of the Availability Period.

"**Activation Trigger**" means [●] per cent.

"**Activation Trigger Event**" means the Bank's ECAP Coverage Ratio is equal to or less than the Activation Trigger.[3]

"**Activation Trigger Event Determination**" means the confirmed (rather than provisional) determination by the Bank, based solely on the objective application of the Activation Trigger to the ECAP Coverage Ratio in accordance with the Risk Appetite Framework (being the version applicable at the time of the Activation Trigger Event), that an Activation Trigger Event has occurred, provided that such Activation Trigger Event occurred on a day during the Availability Period. For the avoidance of doubt:

(a) an Activation Trigger Event Determination may be made following the end of the Availability Period provided it relates to an Activation Trigger Event occurring within the Availability Period;[4]

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[2] Drafting note: This Agreement incorporates agency provisions on the basis there will be multiple Facility Providers, but operates on the assumption that the agency role will be fulfilled by one of the Facility Providers (not a third party). Parties should consider incorporation of additional provisions/protections if a third party is appointed for this role.

[3] Drafting note: This Agreement is structured such that there will be a single trigger where the Contingent Capital Instruments are issued in full (and not in part) following an Activation Trigger Event Determination. If, in the period between two Monitoring Dates, an Activation Trigger Event occurs, then even if the ECAP Coverage Ratio subsequently improves such that the Activation Trigger Event is no longer continuing, the Bank will still make an Activation Trigger Event Determination on the Monitoring Date immediately following such Activation Trigger Event and the Contingent Capital Instruments will be issued accordingly. Following the issuance of the Contingent Capital Instruments, any subsequent improvement or deterioration of the ECAP Coverage Ratio will have no bearing on the Facility as the Facility would have effectively fallen away and such improvement/deterioration would need to be covered by a separate CCF arrangement.

[4] Drafting note: It is a structural design feature for the Activation Trigger Event Determination to follow, without further discretionary approval by the Bank (or any other party), from the objective trigger calculation under the Bank's Risk Appetite Framework.

(b) an Activation Trigger Event Determination may only be made on a Monitoring Date; and

(c) in making an Activation Trigger Event Determination, the Bank shall use its ECAP Coverage Ratio on the date the Activation Trigger Event occurred, and not its ECAP Coverage Ratio on the relevant Monitoring Date.

"**Activation Trigger Event Notice**" means a notice from the Bank to the Agent, substantially in the form set out in Schedule 2 (*Form of Activation Trigger Event Notice*) and including the following details:

(a) the date on which the Activation Trigger Event occurred;

(b) the date of the Activation Trigger Event Determination;[5]

(c) the Activation Date (as adjusted);

(d) the outstanding Commitment in relation to each Facility Provider on the Activation Date;

(e) the relevant ECAP Coverage Ratio and the corresponding Activation Trigger, in each case, in respect of the Activation Trigger Event;

(f) if such Activation Trigger Event Determination was made on a Monitoring Date under Clause 3.1(a)(ii) (*Monitoring and Determination of Activation Trigger Event*), a reasonable level of detail of the calculations performed by the Bank evidencing the occurrence of such Activation Trigger Event; and

(g) any other detail in respect of the Activation Trigger Event which the Bank (acting in its sole and absolute discretion) considers appropriate to include. Such details may include, without limitation, confirmation that the Activation Trigger Event Determination was made in accordance with the Risk Appetite Framework (being the version applicable at the time of the Activation Trigger Event).

"**Authorisation**" means an authorisation, consent, approval, resolution, licence, exemption, filing, notarisation, registration or equivalent.

"**Availability Period**" means in relation to the Facility, the period from, and including, the date of this Agreement to, and including, the earlier of (X) the Availability Period End Date; and (Y) the date on which this Agreement is terminated in full prior to the Availability Period End Date pursuant to the terms of this Agreement.

"**Availability Period End Date**" means the date which is [20][6] years after the date of this Agreement. If such date would otherwise fall on a day that is not a Business Day, it will instead be adjusted to fall on the first following day that is a Business Day.

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[5] Drafting note: Pursuant to Clause 3, the date of the Activation Trigger Event Determination shall be the date of the Activation Trigger Event Notice.

[6] Drafting note: The length of the Availability Period is intended to align with the average lifetime of the underlying credit risk that the Facility is intended to manage and this may vary for each MDB. However, a length of 20 years is expected to be the minimum length of the Availability Period.

"**Base Currency**" means U.S. dollars.[7]

"**Bank**" means [●].

"**Board**" means the [board of [directors]/[governors]] of the Bank.

"**Business Day**" means a day (other than a Saturday or Sunday) on which banks are open for general business in [_____], [_____] and [_____].[8]

"**Commitment**" means in relation to a Facility Provider, the amount in the Base Currency set opposite its name under the heading "Commitment" in Schedule 1 (*The Facility Providers*), subject to cancellation and reduction pursuant to the terms of this Agreement.

"**Commitment Fee**" has the meaning given to it in Clause 5.1(a) (*Commitment Fee*).

"**Commitment Fee Letter**" has the meaning given to it in Clause 5.1(a) (*Commitment Fee*).

"**Conditions**" means the terms and conditions of the Contingent Capital Instruments as set out in Schedule 3 (*Terms and Conditions of the Notes*).

"**Confidential Information**" means all information relating to the Bank, the Finance Parties, the Finance Documents or the Facility of which a Party becomes aware in its capacity as, or for the purpose of becoming, a Party or which is received by a Party in relation to, or for the purpose of becoming a Party under, the Finance Documents or the Facility from another Party being either:

(a) the Bank or any of its advisers (whether such information was obtained directly or indirectly); or

(b) a Finance Party or any of its advisers (whether such information was obtained directly or indirectly),

in whatever form, and includes information given orally and any document, electronic file or any other way of representing or recording information which contains or is derived or copied from such information but excludes information that:

(i) is or becomes public information other than as a direct or indirect result of any breach by that receiving Party of Clause 20 (*Confidential Information*);

(ii) is identified in writing at the time of delivery as non-confidential by the Bank, a Finance Party or any of their advisers (as the providing party); or

(iii) is known by that receiving Party before the date the information is disclosed to it in accordance with paragraphs (a) or (b) above or is lawfully obtained by that receiving Party after that date, from a source which is, as far as that receiving Party is aware, unconnected with the Party to which the Confidential Information relates and which, in either case, as far as that

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[7] Drafting note: This Agreement is drafted for USD payments only. Parties should consider incorporation of any cross-currency provisions, if multiple currencies are applicable in respect of the contingent capital facility and contingent capital instruments.

[8] Drafting note: Parties to insert the relevant Business Day jurisdictions for the MDB and Facility Providers.

receiving Party is aware, has not been obtained in breach of, and is not otherwise subject to, any obligation of confidentiality.

"**Confidentiality Undertaking**" means a confidentiality undertaking substantially in a recommended form of the LMA or in any other form agreed between the Parties.

"**Contingent Capital Instruments**" means the notes to be issued by the Bank pursuant to this Agreement on the Activation Date in an aggregate principal amount equal to the Total Commitments as at the Activation Date, on the terms set out in Schedule 3 (*Terms and Conditions of the Notes*).

"**CRA**" means any one of the following credit rating agencies:

(a) Fitch Ratings Ltd or any of its affiliates ("**Fitch**");

(b) Moody's Investors Service Limited or any of its affiliates ("**Moody's**"); and

(c) S&P Global Ratings, a division of S&P Global Inc. or any of its affiliates ("**S&P**").

"**CRA De-Recognition Event**" means a determination by the Bank on any day during the Availability Period that:

(a) all or a material portion of the Facility has ceased (or is reasonably expected by the Bank to cease) to maintain CRA Recognition with at least two CRAs (each, an "**Affected CRA**"), including (without limitation) as a result of:

(i) any change to the methodologies, criteria or frameworks applied by an Affected CRA for the purposes of determining or maintaining CRA Recognition;

(ii) any revocation, withdrawal or lapse of any confirmation, letter or other communication previously provided by an Affected CRA to the Bank confirming its CRA Recognition of all or a material portion of the Facility; or

(iii) any confirmation, letter or other communication provided by an Affected CRA to the Bank confirming that all or a material portion of the Facility ceased to maintain its CRA Recognition; or

(b) the representation at Clause 7.7 (*Accounting Treatment*) ceases to be accurate.

"**CRA Recognition**" means, in respect of a CRA, the recognition by that CRA of all or a material portion of the Total Commitments of the Facility as "capital" or an "equity-like capital resource" under the then-applicable methodology of the relevant CRA including, but not limited to, (i) supplemental capital, (ii) usable equity, (iii) total adjusted capital, (iv) early trigger contingent/callable capital or (v) any successor category to sub-paragraphs (i) to (iv) (as applicable in respect of the relevant CRA, being "**CRA Recognised Capital**") of the Bank during the Availability Period, provided that, a reduction in the amount of the Total Commitments recognised as CRA Recognised Capital by reason only of scheduled methodology-based amortisation, haircut, cap or phase-out as the remaining term of the Facility shortens shall not, of itself, constitute a loss of CRA Recognition for the purposes of this Agreement.

"**ECAP Coverage Ratio**" means the "ECAP Total Resources Required/Total Resources Available" of the Bank as calculated by the Bank in accordance with the Board-approved Risk Appetite Framework and the economic and risk-adjusted capital methodology incorporated therein, amended from time to time in accordance with the Bank's internal governance processes (and any successor metric).

"**Enterprise Risk Management Framework**" means the Bank's documented [Board-approved] framework setting out, amongst other things, its enterprise-wide policies governing its capacity for risk and under which the Risk Appetite Framework is set out.

"**Facility**" means the facility made available under this Agreement as described in Clause 2 (*The Facility*).

"**Facility Provider**" means a Facility Provider which has not ceased to be a Party as such in accordance with the terms of this Agreement.

"**Facility Provider's Proportion**" has the meaning given to it in Clause 5.1(b) (*Commitment fee*).

"**Fee Letter**" means any letter or letters dated on or about the date of this Agreement between the Agent and the Bank setting out any of the fees referred to in Clause 5 (*Fees*).

"**Finance Document**" means this Agreement, any Commitment Fee Letter, any Fee Letter and any other document designated as such by the Agent and the Bank.

"**Finance Party**" means the Agent or a Facility Provider.[9]

"**GCI Amount**" means, in relation to a Facility Provider and a General Capital Increase, the aggregate amount (expressed in the Base Currency), as determined by the Bank, of paid-up equity capital contributed by that Facility Provider to the Bank as part of that General Capital Increase.[10]

"**GCI Date**" means, in relation to a GCI Event and the corresponding Facility Provider, the date determined by the Bank as being the date on which such Facility Provider's contribution of paid-up equity capital to the Bank as part of the relevant General Capital Increase is paid

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[9] Drafting note: If any of the Finance Parties are not sovereigns, parties should consider incorporation of additional provisions from the LMA industry standard including, but not limited to, the following:

1. Tax Provisions – tax-related provisions such as tax gross-up, tax indemnity, tax credit, stamp duty, VAT and US FATCA provisions.
2. Indemnities – for example, an increased cost indemnity provided by the Bank to the Finance Parties for increased costs resulting from a change in law of Regulatory Capital compliance of the Finance Party.
3. Additional information undertakings – for example, an obligation on the Bank to supply the Finance Parties with information it requires to satisfy its KYC requirements.
4. Illegality provisions, noting that this Agreement uses ultra vires provisions instead.
5. Bail-in/Stay provisions.
6. Sanctions provisions

[10] Drafting note: The drafting here assumes that the Bank's paid-up equity capital is also denominated in the Base Currency. If this is not the case, MDBs should consider including FX conversion provisions to convert the amount of paid-up equity capital (denominated in a different currency) into a GCI Amount that is in the Base Currency. The Bank should also consider aligning terminology with their charter.

(by such Facility Provider) and received (by the Bank) in full. If such date would otherwise fall on a day that is not a Business Day, it will instead be adjusted to fall on the first following day that is a Business Day.

"**GCI Event**" means, in relation to a Facility Provider, a Facility Provider contributes paid-up equity capital to the Bank as part of a General Capital Increase during the Availability Period.

"**GCI Notice**" has the meaning given to it in Clause 4.2 (*General Capital Increase Events*).

"**GCI Reduction Amount**" has the meaning given to it in Clause 4.2 (*General Capital Increase Events*).

"**General Capital Increase**" means any capital increase of the Bank pursuant to which one or more Facility Providers, in their capacity as shareholder of the Bank, are invited or required to contribute paid-up equity capital to the Bank in accordance with the Bank's constitutional documents and internal governance arrangements from time to time.

"**Impaired Agent**" means the Agent at any time when:[11]

(a) it has failed to make (or has notified a Party that it will not make) a payment required to be made by it under the Finance Documents by the due date for payment unless its failure to pay is caused by an administrative or technical error and payment is made within [5] Business Days of its due date; or

(b) the Agent otherwise rescinds or repudiates a Finance Document.

"**Issue Price**" means 100 per cent..

"**LMA**" means the Loan Market Association.

"**Majority Facility Providers**" means a Facility Provider or group of Facility Providers, in each case, whose Commitments aggregate more than [100] per cent. of the Total Commitments (or, if the Total Commitments have been reduced to zero, aggregated more than [100] per cent. of the Total Commitments immediately prior to the reduction).[12]

"**Monitoring Date**" has the meaning given to it in Clause 3.1(a).

"**Party**" means a party to this Agreement.

"**PIF Score**" has the meaning given to it in the definition of Proactive Intervention Framework.

"**Proactive Intervention Framework**" means the Bank's [Board-approved] framework (as amended, updated, restated, supplemented or replaced from time to time in accordance with the Bank's internal governance processes) setting out the forward-looking judgment-based

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[11] Drafting note: Where the Agent is not a sovereign, parties to consider adding additional limbs to the Impaired Agent definition to cover insolvency events and include a relevant definition for "Insolvency Event".

[12] Drafting note: MDBs to calibrate the percentage threshold for Majority Facility Providers decision-making to reflect commercial intention of the particular Facility and the number of Facility Providers. For instance, MDBs may consider including a super-majority threshold (two-thirds or three-quarters of Facility Providers) for routine/administrative matters whilst retaining unanimous decision-making for other decisions. The default provision in the draft is for unanimous Facility Providers' decisions only. Please also note that Clause 19.1 prohibits any amendments to the Finance Documents (even if unanimous consent was achieved) where the amendment could adversely impact CRA Recognition.

assessment to be undertaken by the Bank with respect to the levels of financial stress at which corrective actions should be implemented with the aim of bringing the Bank back into compliance with its Board-approved Risk Appetite Statement, such assessment based on its proximity to non-viability derived from its risk profile (including its capital, liquidity, governance, and business risk) and such levels of financial stress operating on an escalation scale from 1 to 5 (each, and any successor metric, a "**PIF Score**") whereby (i) PIF Scores of 1 and 2 represent "going concern" status with minor or moderate risks; (ii) PIF Scores of 3 and 4 represent heightened risk of non-viability; and (iii) a PIF Score of 5 represents non-viability.

"**Representative**" means any delegate, agent, manager, administrator, nominee, attorney, trustee or custodian.

"**Risk Appetite Framework**" means:

(a) the Bank's Board-approved risk appetite framework (as amended, updated, restated, supplemented or replaced from time to time in accordance with the Bank's internal governance processes) forming part of its wider Enterprise Risk Management Framework, and which includes (i) the economic and risk-adjusted capital methodology incorporated therein and (ii) the Risk Appetite Statement; and

(b) the Bank's Proactive Intervention Framework.

Any reference in this Agreement to the Risk Appetite Framework shall be construed as a reference to it as so amended, updated, restated, supplemented or replaced from time to time.[13]

"**Risk Appetite Statement**" means the risk appetite statement of the Bank, as the same may be amended, updated, restated, supplemented or replaced from time to time in accordance with the Bank's internal governance processes, and any reference in this Agreement to the Risk Appetite Statement shall be construed as a reference to it as so amended, updated, restated, supplemented or replaced from time to time.

"**Specified Denomination**" has the meaning given to it in the Conditions.

"**Subscription Amount**" means, in relation to each Facility Provider, an amount determined by the Bank in the Base Currency equal to that Facility Provider's Commitment as at the Activation Date, multiplied by the Issue Price.

"**Subscription Payment Date**" means, in respect of a Facility Provider, any Business Day from (and including) the Activation Date to (and including) the Subscription Payment Longstop Date, on which such Facility Provider pays to the Bank its corresponding Subscription Amount.

[13] Drafting note: To the extent that a Facility Provider is not a shareholder of the Bank, the MDB and such Facility Provider(s) should consider how the documents which constitute the Risk Appetite Framework will be disclosed to such Facility Provider, and any confidentiality obligations attaching to that disclosure.

"**Subscription Payment Longstop Date**" means the date falling three calendar months following the Activation Date. If such date would otherwise fall on a day that is not a Business Day, it will instead be adjusted to fall on the first following day that is a Business Day.

"**Total Commitments**" means the aggregate of the Commitments, being USD [●] at the date of this Agreement.[14]

"**US**" means the United States of America.

1.1 **Construction**

(a) Unless a contrary indication appears, any reference in this Agreement to:

(i) the "**Agent**", any "**Finance Party**", any "**Facility Provider**" or any "**Party**" shall be construed so as to include its successors in title, permitted assigns and permitted transferees to, or of, its rights and/or obligations under the Finance Documents;

(ii) "**assets**" includes present and future properties, revenues and rights of every description;

(iii) a "**Finance Document**" or any other agreement or instrument is a reference to that Finance Document or other agreement or instrument as amended, novated, supplemented, extended, restated (however fundamentally and whether or not more onerously) or replaced and includes any extension of or any increase in any facility or the addition of any new facility under that Finance Document or other agreement or instrument;

(iv) a "**group of Facility Providers**" may include all the Facility Providers;

(v) a "**person**" includes any individual, firm, company, corporation, government, state or agency of a state or any association, trust, joint venture, consortium, partnership or other entity (whether or not having separate legal personality);

(vi) a "**regulation**" includes any regulation, rule, official directive, treaty, request or guideline (whether or not having the force of law) of any governmental, intergovernmental or supranational body, agency, department or of any regulatory, self-regulatory or other authority or organisation;

(vii) a provision of law is a reference to that provision as amended or re-enacted from time to time; and

(viii) a time of day is a reference to [London]/[New York]/[Beijing]/[_____][15] time.

(b) Section, Clause and Schedule headings are for ease of reference only.

(c) Unless a contrary indication appears, a term used in any other Finance Document or in any notice given under or in connection with any Finance Document has the same meaning in that Finance Document or notice as in this Agreement.

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[14] Drafting note: This Agreement assumes that the Total Commitments will be a fixed number from the date of this Agreement (subject to any reductions following the occurrence of GCI Events) and that this determines the notional amount of the Contingent Capital Instruments that will be issued.

[15] Drafting note: Insert as appropriate, as agreed between the MDB and Facility Providers.

1.2 **Currency symbols and definitions**

"**U.S.$**", "**USD**" and "**U.S. dollars**" denote the lawful currency of the United States of America.

1.3 **Third party rights**

(a) Unless expressly provided to the contrary in a Finance Document a person who is not a Party has no right under the Contracts (Rights of Third Parties) Act 1999 (the "**Third Parties Act**") to enforce or to enjoy the benefit of any term of this Agreement.

(b) Notwithstanding any term of any Finance Document, the consent of any person who is not a Party is not required to rescind or vary this Agreement at any time.

2. THE FACILITY

2.1 **The Facility**

Subject to the terms of this Agreement, the Facility Providers make available to the Bank a contingent capital facility in an aggregate amount of USD equal to the Total Commitments, pursuant to which each Facility Provider agrees to subscribe (and shall be deemed to subscribe), on the Activation Date and without any further discretion, for a portion of the Contingent Capital Instruments to be issued by the Bank in an aggregate principal amount equal to its corresponding Commitment on the Activation Date.

2.2 **Finance Parties' rights and obligations**

(a) The obligations of each Finance Party under the Finance Documents are several. Failure by a Finance Party to perform its obligations under the Finance Documents does not affect the obligations of any other Party under the Finance Documents. No Finance Party is responsible for the obligations of any other Finance Party under the Finance Documents.

(b) The rights of each Finance Party under or in connection with the Finance Documents are separate and independent rights and any debt arising under the Finance Documents to a Finance Party from the Bank is a separate and independent debt in respect of which a Finance Party shall be entitled to enforce its rights in accordance with paragraph (c) below. The rights of each Finance Party include any debt owing to that Finance Party under the Finance Documents and any other amount owed by the Bank which relates to a Finance Party's participation in the Facility or its role under a Finance Document (including any such amount payable to the Agent on its behalf) is a debt owing to that Finance Party by the Bank.

(c) A Finance Party may, except as specifically provided in the Finance Documents, separately enforce its rights under or in connection with the Finance Documents.

3. ACTIVATION TRIGGER EVENT

3.1 **Monitoring and Determination of Activation Trigger Event**

(a) The Bank shall monitor its ECAP Coverage Ratio for the purposes of determining whether an Activation Trigger Event has occurred: (i) in accordance with the Risk Appetite Framework, [at least once in each successive three-month period following the date of this Agreement][16] and with increased frequency in accordance with the Proactive Intervention

[16] Drafting note: MDBs to align with the monitoring frequency that is required under its Risk Appetite Framework.

Framework during periods of elevated stress; and (ii) on any other date which the Bank chooses to do so on an ad-hoc basis including, without limitation, in the circumstances where the Bank is of the opinion that an Activation Trigger Event may have occurred since the last Monitoring Date (each date on which the Bank monitors its ECAP Coverage Ratio under sub-paragraph (i) or (ii), a "**Monitoring Date**"). Such monitoring shall continue up to, and include, the first Monitoring Date following the end of the Availability Period.

(b) If, on a Monitoring Date, the Bank determines that an Activation Trigger Event has occurred since the last Monitoring Date (or where there is none, the date of this Agreement), an Activation Trigger Event Determination will occur on such Monitoring Date, provided that the Bank determined that such Activation Trigger Event occurred on a day during the Availability Period.

(c) In making an Activation Trigger Event Determination, the Bank shall use its ECAP Coverage Ratio on the date the Activation Trigger Event occurred, and not its ECAP Coverage Ratio on the relevant Monitoring Date.

(d) If the Bank determines that an Activation Trigger Event is reasonably expected, or likely, to occur during the Availability Period, it shall notify the Agent as soon as reasonably possible.

(e) For the avoidance of doubt, if an Activation Trigger Event occurs in the period between two Monitoring Dates, an Activation Trigger Event Determination will be made on the latter of such Monitoring Dates, irrespective of whether such Activation Trigger Event remains continuing on such Monitoring Date.

3.2 **Delivery of an Activation Trigger Event Notice**

(a) If an Activation Trigger Event Determination is made, the Bank shall deliver to the Agent a duly completed Activation Trigger Event Notice on the Activation Date. For the avoidance of doubt, as an Activation Date may occur following the end of the Availability Period, the delivery of the Activation Trigger Event Notice on such Activation Date may also fall outside of the Availability Period.

(b) The Agent shall notify each Facility Provider of its receipt of the Activation Trigger Event Notice on the day of its receipt.

(c) The Bank's failure to deliver the Activation Trigger Event Notice to the Agent or the Agent's failure to provide the notification referred to in paragraph (b) above shall not invalidate the obligations of the Bank and each Facility Provider under Clause 3.3 (*Issue and Subscription of Contingent Capital Instruments*) below.

3.3 **Issue and Subscription of Contingent Capital Instruments**

(a) Subject to the terms of this Agreement, if an Activation Trigger Event Determination is made in respect of an Activation Trigger Event occurring within the Availability Period:

(i) the Bank shall, without further discretion by any Party, issue and deliver the Contingent Capital Instruments on the Activation Date pursuant to clause 3

(*Issuance and subscription*) of the note issuance deed dated [●] to which the form of Contingent Capital Instruments to be issued is appended;[17]

(ii) each Facility Provider shall, and shall be deemed to, on the Activation Date and without any further discretion, subscribe for and purchase a portion of the Contingent Capital Instruments in an aggregate principal amount equal to its corresponding Commitment on the Activation Date on a delivery-free-of-payment basis and for value at a price equal to the Subscription Amount; and

(iii) each Facility Provider shall pay to the Bank its corresponding Subscription Amount as soon as possible following the Activation Date and, in any case, no later than the Subscription Payment Longstop Date.

(b) Pursuant to Clause 2.2 (*Finance Parties' rights and obligations*), each Facility Provider's obligation to subscribe for Contingent Capital Instruments and to pay the Subscription Amount pursuant to paragraph (a) above is several and independent of the obligations of the other Facility Providers. For the avoidance of doubt, no Facility Provider shall be responsible for, or have any obligation in respect of, the failure of any other Facility Provider to perform its obligations under this Clause 3.3.

(c) If any Facility Provider fails to pay its corresponding Subscription Amount by the Subscription Payment Longstop Date, that Facility Provider (or the Agent on its behalf) shall promptly notify the Bank and the other Facility Providers.

(d) The issuance of Contingent Capital Instruments by the Bank pursuant to paragraph (a)(i) above shall be unconditional (and in particular, not contingent on the Bank's receipt of any Subscription Amount) and the obligation of each Facility Provider to pay its corresponding Subscription Amount by the Subscription Payment Longstop Date under this Clause 3.3 shall survive the termination of this Agreement.

4. CANCELLATION AND TERMINATION

4.1 Automatic Cancellation and Termination

The Commitments shall be immediately cancelled and this Agreement shall immediately terminate on the earlier of:[18]

(i) if no Activation Trigger Event Determination has been made by the first Monitoring Date following the end of the Availability Period, such Monitoring Date;

(ii) if an Activation Trigger Event Determination has been made by the first Monitoring Date following the end of the Availability Period (in respect of an Activation Trigger

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[17] Drafting note: The template Agreement contemplates multiple Facility Providers for each Facility. However, to the extent that each Facility Provider requires different commercial terms to apply for it (under the Facility or in respect of the Contingent Capital Instruments), further amendments will need to be made to this Agreement and the appended note issuance deed (including the terms and conditions of the Contingent Capital Instruments). Alternatively, it may be necessary for multiple Contingent Capital Facility Agreements and separate corresponding Contingent Capital Instruments to accommodate such variance in commercial terms applicable to each Facility Provider.

[18] Drafting note: It is a deliberate structural design choice for there to be no right to voluntarily cancel the Commitments and terminate the Facility on unanimous agreement (between the Bank and the Facility Providers), due to concerns that it could impact the CRA Recognition of the Facility.

Event occurring during the Availability Period), on the day immediately following the corresponding Activation Date;

(iii) if the Total Commitments are reduced to zero as of a GCI Date in the circumstances described in Clause 4.2(f) (*General Capital Increase Events*), the relevant GCI Date; and

(iv) if a CRA Termination Election is exercised in accordance with Clause 4.3(c) (*Optional Termination*), the CRA Termination Date,

provided that the cancellation and termination under this Clause 4.1 shall not affect any rights or obligations that have accrued as at the date of cancellation, including any obligation to pay accrued fees under Clause 5 (*Fees*) or any outstanding Subscription Amount pursuant to Clause 3.3(a)(iii) (*Issue and Subscription of Contingent Capital Instruments*) (and such obligations shall remain in force and survive the termination of this Agreement).

4.2 **General Capital Increase Events**

(a) A GCI Event may occur at any time during the Availability Period. If more than one Facility Provider contributes paid-up equity capital to the Bank as part of a General Capital Increase, a GCI Event shall occur in respect of each Facility Provider.[19]

(b) If a GCI Event occurs, the relevant Facility Provider contributing paid-up equity capital in respect of such GCI Event may, by written notice to the Bank on or prior to the GCI Date, elect to reduce its Commitment on the GCI Date by an amount that is not greater than its GCI Amount (such amount rounded down to the nearest multiple of the Specified Denomination and capped at such Facility Provider's Commitment, the "**GCI Reduction Amount**"), subject to zero.

For the avoidance of doubt:

(i) such Facility Provider may elect not to make any reduction to its Commitment;

(ii) such reduction in the Facility Provider's Commitment, once effected pursuant to this Agreement, shall result in the Total Commitments in respect of the Facility being reduced on the GCI Date by an amount equal to the GCI Reduction Amount accordingly; and

(iii) the GCI Amount and the GCI Date shall each be determined by the Bank.

(c) Any reduction to a Facility Provider's Commitment by the GCI Reduction Amount on the GCI Date shall be subject to the Bank's determination that no Activation Trigger Event had occurred during the Availability Period, on or prior to such GCI Date. Such determination shall be made by the Bank on a Monitoring Date in accordance with Clause 3.1(a)(ii) (*Monitoring and Determination of Activation Trigger Event*). If an Activation Trigger Event is determined to have occurred on or prior to such GCI Date, any obligation on a Facility

[19] Drafting note: If multiple Facility Providers contribute paid-up equity capital to the Bank as part of a General Capital Increase, a GCI Event occurs in respect of each Facility Provider. This is because the GCI Date (being the date the paid-up equity capital is fully paid and received) may differ for each Facility Provider.

Provider to pay a Subscription Amount corresponding to the Activation Trigger Event Determination shall continue to apply without reduction for such GCI Event.[20]

As soon as reasonably practicable following a GCI Date and in any event, on or prior to the [5th] Business Day following the relevant GCI Date, the Bank shall deliver a notice to the Agent confirming the following (such notice, the "**GCI Notice**"):

(i) the occurrence of the GCI Event;

(ii) the Facility Provider contributing paid-up equity capital in respect of such GCI Event;

(iii) the GCI Amount of such Facility Provider;

(iv) the GCI Reduction Amount of such Facility Provider (if any);

(v) the GCI Date;

(vi) that no Activation Trigger Event had occurred during the Availability Period on or prior to the relevant GCI Date;

(vii) the revised Commitment of such Facility Provider as of the GCI Date, if such Facility Provider elects to reduce its Commitment pursuant to sub-paragraph (b) above; and

(viii) the revised Total Commitments under the Facility as of the GCI Date, if such Facility Provider elects to reduce its Commitment pursuant to sub-paragraph (b) above.

(d) Upon receipt of the GCI Notice, the Agent shall promptly (and in any event, on or prior to the [2nd] Business Day following receipt) notify the Facility Providers of the same.

Failure to deliver a GCI Notice pursuant to sub-paragraph (c) above, or for the Agent to notify Facility Providers pursuant to this sub-paragraph (d), shall not invalidate the occurrence of such GCI Event or the corresponding reduction of Commitment on the GCI Date.

(e) For the avoidance of doubt, a GCI Event and the corresponding GCI Date shall not occur until the contribution of paid-up equity capital to the Bank in respect of the relevant General Capital Increase has been paid (in full) by the relevant Facility Provider and received (in full) by the Bank.

(f) If, on the GCI Date, a Facility Provider's GCI Reduction Amount equals its Commitment as at that date, then provided that the Bank has determined, pursuant to sub-paragraph (b) above, that no Activation Trigger Event had occurred during the Availability Period on or prior to such GCI Date:

(i) that Facility Provider's Commitment shall be reduced to zero; and

(ii) that Facility Provider shall thereupon cease to be a Facility Provider under this Agreement and shall be released and discharged from all further obligations to the Bank under this Agreement, and the Bank and such Facility Provider's respective

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[20] Drafting note: The reduction of a Facility Provider's Commitment on a GCI Date is conditional upon no Activation Trigger Event having occurred during the Availability Period on or prior to such GCI Date. Accordingly, even if the criterion that the GCI Event occurred during the Availability Period is met, all contributions of paid-up equity capital to the Bank by a Facility Provider in respect of such GCI Event shall be disregarded if any part of such contribution is paid only after an Activation Trigger Event has occurred.

rights against each other are cancelled, provided that such release and discharge shall not affect any rights, liabilities or obligations of the Bank and such Facility Provider with respect to payments or other obligations due and payable or due to be performed on or prior to such GCI Date (including any obligation of the Bank to pay accrued and unpaid fees under Clause 5 (*Fees*) to that Facility Provider in respect of the period up to and including such GCI Date, which shall remain in force and survive the termination of this Agreement).

(g) If, following the reduction of a Facility Provider's Commitment pursuant to this Clause 4.2, the Total Commitments are reduced to zero, this Agreement shall be terminated with immediate effect on the relevant GCI Date. The obligation to provide a GCI Notice pursuant to sub-paragraph (c) shall survive the termination of this Agreement.

(h) For the avoidance of doubt, if an Activation Trigger Event Determination is made following a GCI Date in respect of a GCI Event, the reduction in a Facility Provider's Commitment pursuant to this Clause 4.2 shall be taken into account in determining that Facility Provider's Subscription Amount and the aggregate principal amount of the Contingent Capital Instruments to be issued by the Bank, in each case by reference to each Facility Provider's Commitment and the Total Commitments on the Activation Date.

(i) No amount of a Facility Provider's Commitment cancelled or reduced pursuant to this Clause 4.2 may be subsequently reinstated after the GCI Date.

(j) A GCI Event may occur on more than one occasion during the Availability Period. Each GCI Event shall be treated separately for the purposes of this Clause 4.2 and the Commitment of the relevant Facility Provider shall be reduced by the GCI Reduction Amount applicable in respect of the relevant GCI Event on the corresponding GCI Date. A separate GCI Notice shall be delivered in respect of each GCI Event.

(k) For the avoidance of doubt:

(i) following an Activation Trigger Event Determination or the end of the Availability Period, no further GCI Event may occur for the purposes of this Clause 4.2. Accordingly, any contributions of paid-up equity capital to the Bank by a Facility Provider as part of a General Capital Increase shall be disregarded if such contribution occurs after an Activation Trigger Event Determination (or following the end of the Availability Period), and any obligation on such Facility Provider to pay a Subscription Amount corresponding to such Activation Trigger Event Determination shall continue to apply without reduction for such General Capital Increase; and

(ii) an Activation Trigger Event Determination may be made following any GCI Date, provided that there are outstanding Commitments remaining under the Facility.

4.3 **CRA De-Recognition Event**

(a) **Notification**

(i) A CRA De-Recognition Event may occur during the Availability Period. If such CRA De-Recognition Event occurs, the Bank shall, provided that no Activation Trigger Event Determination has already been made, determine whether an Activation Trigger Event had occurred during the Availability Period, on or prior to the date of

such CRA De-Recognition Event. Such determination shall be made by the Bank on a Monitoring Date in accordance with Clause 3.1(a)(ii) (*Monitoring and Determination of Activation Trigger Event*).

(ii) The consequences following the occurrence of a CRA De-Recognition Event as set out in sub-paragraph (b) below are subject to the Bank's determination that no Activation Trigger Event had occurred during the Availability Period, on or prior to the date of such CRA De-Recognition Event.

If an Activation Trigger Event is determined to have occurred, any obligation on a Facility Provider to pay a Subscription Amount corresponding to the Activation Trigger Event Determination remains binding on such Facility Provider notwithstanding the occurrence of such CRA De-Recognition Event.

(iii) Subject to sub-paragraph (ii) above, the Bank shall notify the other Parties as soon as reasonably practicable upon becoming aware that a CRA De-Recognition Event has occurred or that circumstances exist which are reasonably likely to give rise to a CRA De-Recognition Event, and in any event no later than the [5th] Business Day after becoming so aware.

(b) **CRA Discussion Period**

(i) The Facility shall not be terminated solely by reason of such CRA De-Recognition Event but shall continue, subject to discussion between the Bank and the Facility Providers pursuant to this sub-paragraph (b).

(ii) For the avoidance of doubt, the occurrence of an Activation Trigger Event and the related Activation Trigger Event Determination may still occur following a CRA De-Recognition Event, irrespective of the occurrence of such CRA De-Recognition Event, and the Bank is obliged to issue the Contingent Capital Instruments, and the Facility Provider(s) are obliged to subscribe for (and are deemed to subscribe for), and pay, for any Contingent Capital Instruments, in accordance with the terms of the Facility, in respect of any Activation Trigger Event Determination.

(iii) Following the occurrence of a CRA De-Recognition Event, the Bank and the Facility Providers shall, acting in good faith, take reasonable steps to agree any restructure, adjustment or cancellation of the Facility (and/or amendments to the Conditions upon which the Contingent Capital Instruments will be issued on the Activation Date) to cure or remedy the relevant CRA De-Recognition Event. Without prejudice to a CRA Termination Election pursuant to sub-paragraph (c) below, such discussion period shall end on the earlier of an Activation Date and termination of the Facility pursuant to Clause 4.1 (*Automatic Cancellation and Termination*).

(c) **Optional Termination**

(i) At any time following the occurrence of a CRA De-Recognition Event (and subject, for the avoidance of doubt, to Clause 4.3(a)(ii) (*Notification*)):

(a) the Bank may, in its sole and absolute discretion, following a discussion period of at least [30] Business Days during which the Bank and the Facility

Providers have discussed the consequences of such CRA De-Recognition Event in good faith in accordance with Clause 4.3(b) above; or

(b) the Bank and all Facility Providers may by unanimous agreement at any time following the occurrence of such CRA De-Recognition Event,

in each case, elect to terminate the Facility (a "**CRA Termination Election**").

(ii) Following a CRA Termination Election, the Agreement shall terminate in accordance with sub-paragraph (iii) below, subject to the Bank's determination that no Activation Trigger Event had occurred during the Availability Period, on or prior to the date of such CRA Termination Election. Such determination shall be made by the Bank on a Monitoring Date in accordance with Clause 3.1(a)(ii) (*Monitoring and Determination of Activation Trigger Event*).

If an Activation Trigger Event is determined to have occurred, any obligation on a Facility Provider to pay a Subscription Amount corresponding to the Activation Trigger Event Determination remains binding on such Facility Provider notwithstanding such CRA Termination Election.

(iii) Upon a CRA Termination Election:

(a) the Commitment of each Facility Provider shall be immediately and automatically reduced to zero with effect from the date of the CRA Termination Election (the "**CRA Termination Date**"); and

(b) this Agreement shall terminate with effect from the CRA Termination Date.

(iv) Termination of this Agreement pursuant to sub-paragraph (iii)(b) shall not affect any rights, liabilities or obligations of the Bank and each Facility Provider with respect to payments or other obligations due and payable or due to be performed on or prior to the CRA Termination Date (including any obligation of the Bank to pay accrued and unpaid fees under Clause 5 (*Fees*) to the Facility Providers in respect of the period up to and including the CRA Termination Date, which shall remain in force and survive the termination of this Agreement).

4.4 **Restrictions**

(a) Any notice of reduction or cancellation given by any Party under this Clause 4 shall be irrevocable and, unless a contrary indication appears in this Agreement, shall specify the date upon which the relevant reduction or cancellation is to be made and the principal amount of Total Commitments relating to that reduction or cancellation.

(b) The Bank shall not cancel all or any part of the Commitments except at the times and in the manner expressly provided for in this Agreement.

(c) No amount of the Total Commitments cancelled under this Agreement may be subsequently reinstated.

(d) Without duplication with any other clause in this Agreement, if the Agent receives a notice under this Clause 4, it shall promptly forward a copy of that notice to either the Bank or the affected Facility Provider, as appropriate.

5. FEES

5.1 Commitment fee[21]

(a) The Bank shall calculate and pay to the Agent (for the account of the Facility Providers) a fee in the Base Currency on the [first] day of the Availability Period, as separately agreed between the Bank and the Facility Providers in writing (such fee, the "**Commitment Fee**" and such written record, the "**Commitment Fee Letter**").[22]

(b) Following receipt by the Agent of the Commitment Fee from the Bank, the Agent shall pay to each Facility Provider an amount equal to the product of the corresponding Facility Provider's Proportion and such Commitment Fee, in accordance with Clause 14.2 (*Distributions by the Agent*).

For this purpose:

"**Facility Provider's Proportion**" means, in respect of a Facility Provider, the proportion (expressed as a percentage) that such Facility Provider's Commitment bears to the Total Commitments, as determined on the [first] day of the Availability Period.

5.2 Agency fee

The Facility Providers shall pay to the Agent (for its own account) an agency fee in the amount and at the times agreed in a Fee Letter.

6. COSTS AND EXPENSES[23]

6.1 Transaction expenses

Unless otherwise agreed by the relevant Parties, the Bank and each Finance Party shall be solely responsible for their own costs and expenses (including legal fees) incurred in connection with the negotiation, preparation, printing, execution and syndication of:

(a) this Agreement and any other documents referred to in this Agreement; and

(b) any other Finance Documents executed after the date of this Agreement.

6.2 Amendment costs[24]

If a Party requests an amendment or consent, each of the Agent and the other Parties shall be solely responsible for their own costs and expenses (including legal fees) incurred in responding to, evaluating, negotiating or complying with that request or requirement.

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[21] Drafting note: The current draft contemplates that a commitment fee would be payable, to avoid any arguments relating to adequate consideration. Parties should consider this in conjunction with their own requirements for overseas development assistance. Should a fee not be payable, parties should seek advice on whether there is sufficient consideration given.

[22] Drafting note: If this is not structured as a one-off fee (as drafted), parties should consider whether the rate would decrease following any reduction/cancellation of commitments and the timing of payment.

[23] Drafting note: The default position is that costs/expenses incurred in connection with this Agreement will be for each party's own account and for each party to manage/fund. If a Facility Provider requires the Bank to assume any additional costs/expenses (and vice-versa), this may be agreed on a case-by-case basis.

[24] Drafting note: This Agreement assumes that the role of the Agent will be performed by one of the Facility Providers. If a third party is appointed for this role, parties may wish to consider if costs should be allocated in a different manner.

7. REPRESENTATIONS

The Bank makes the representations and warranties set out in this Clause 7 to each Finance Party, and each Finance Party makes the representations and warranties set out in Clauses 7.2 (*Binding obligations*) to 7.5 (*Validity and admissibility in evidence*) to the other Parties, in each case, on the date of this Agreement.

7.1 Status

It is an international organisation, duly established and validly existing under its constitutional documents.

7.2 Binding obligations

The obligations expressed to be assumed by it in each Finance Document are legal, valid, binding and enforceable obligations.

7.3 Non-conflict with other obligations

The entry into and performance by it of, and the transactions contemplated by, the Finance Documents do not and will not conflict with:

(a) its own internal governance policies;

(b) its constitutional documents; or

(c) any agreement or instrument binding upon it or any of its or any of its assets.

7.4 Power and authority

It has the power to enter into, perform and deliver, and has taken all necessary action to authorise its entry into, performance and delivery of, the Finance Documents to which it is a party and the transactions contemplated by those Finance Documents.

7.5 Validity and admissibility in evidence

All Authorisations required or desirable:

(a) to enable it lawfully to enter into, exercise its rights and comply with its obligations in the Finance Documents to which it is a party; and

(b) to make the Finance Documents to which it is a party admissible in evidence in its jurisdiction of incorporation,

have been obtained or effected and are in full force and effect.

7.6 Subordinated ranking

The Contingent Capital Instruments, once issued, will rank:

(a) *pari passu* without any preference among themselves and with all Deeply Subordinated Hybrid Obligations (as defined in the Conditions);

(b) subordinated in right of payment to the repayment in full of all Senior Obligations (as defined in the Conditions); and

(c) senior only to Junior Obligations (as defined in the Conditions).

7.7 **Accounting Treatment**

The Facility constitutes, for the purposes of the Bank's accounting treatment, "supplemental capital" and the Contingent Capital Instruments, once issued, shall be accounted for as equity.

7.8 **Anti-corruption policies**

The Bank has conducted its businesses in compliance with applicable anti-corruption internal governance policies and has instituted and maintained policies and procedures designed to promote and achieve such compliance.

8. INFORMATION UNDERTAKINGS

The undertakings in this Clause 8 remain in force from the date of this Agreement for so long as any amount is outstanding under the Finance Documents or any Commitment is in force.

8.1 **Activation Trigger Monitoring and ECAP Coverage Ratio**

Without duplication with Clause 3.1(d), the Bank shall supply to the Agent (for distribution to the Facility Providers) on each Monitoring Date:

(a) a notification of the ECAP Coverage Ratio and the PIF Score (if applicable) or, in each case, its successor metric (if applicable), determined by the Bank on such Monitoring Date as being the metrics applicable at the time of the Activation Trigger Event; and

(b) any information that is reasonably requested by a Facility Provider relating to the Bank's determination of the ECAP Coverage Ratio and the PIF Score (if applicable) or, in each case, its relevant successor metric (if applicable) applicable at the time of the Activation Trigger Event, provided that such request of information shall not delay or prejudice the Bank from making an Activation Trigger Event Determination or the occurrence of the corresponding Activation Date.

For the avoidance of doubt, any information provided by the Bank to a Facility Provider under this Clause 8.1 shall be subject to Clause 20 (*Confidential Information*).

8.2 **Direct electronic delivery by the Bank**

The Bank may satisfy its obligation under this Agreement to deliver any information to a Facility Provider by delivering that information directly to such Facility Provider in accordance with Clause 15.5 (*Electronic communication*) to the extent that Facility Provider and the Agent agree to this method of delivery.

9. GENERAL UNDERTAKINGS

The undertakings in this Clause 9 remain in force from the date of this Agreement for so long as any Commitment is in force.

9.1 **Binding obligations**

The Bank shall obtain, comply with and do all that is necessary to maintain in full force and effect any Authorisations required to ensure the legality, validity or enforceability of its obligations under any Finance Document.

9.2 **Anti-corruption policies**

(a) The Bank shall:

(i) conduct its businesses in compliance with its internal anti-corruption policies; and

(ii) maintain policies and procedures designed to promote and achieve such compliance.

9.3 **Ultra vires**

If, in any applicable jurisdiction, it becomes *ultra vires* for any Facility Provider to perform any of its obligations as contemplated by this Agreement, that Facility Provider shall promptly notify the Bank upon becoming aware of that event. Such event shall not result in the termination of this Agreement and the cancellation of the Commitments.

Each Finance Party and the Bank may, in consultation with the other Parties, take reasonable steps to mitigate any circumstances which arise and which would result in any amount becoming cancelled as a result of such *ultra vires* event by operation of applicable law.

10. PAYMENT DEFAULT

10.1 **Non-payment**

If the Bank fails to pay any amount owed to any Facility Provider pursuant to Clause 5 (*Fees*) when due, the Bank and the affected Facility Provider(s) shall, acting in good faith and in a commercially reasonable manner, negotiate a remedy, cure or waiver of such payment obligation. For the avoidance of doubt, a failure by the Bank to pay such amounts shall not result in a termination of this Agreement or the cancellation of the Commitments and the obligations of the Facility Providers under Clause 3.3 (*Issue and Subscription of Contingent Capital Instruments*) shall remain binding on the Facility Providers.

11. CHANGES TO THE FACILITY PROVIDERS AND THE BANK

11.1 **Assignments and transfer by the Facility Providers and the Bank**

No Facility Provider, Bank or Agent may assign any of its rights or novate, sub-participate or otherwise transfer any of its rights or obligations under the Finance Documents.

12. ROLE OF THE AGENT[25]

12.1 **Appointment of the Agent**

(a) Each of the Facility Providers appoints the Agent to act as its agent under and in connection with the Finance Documents.

(b) Each of the Facility Providers authorises the Agent to perform the duties, obligations and responsibilities and to exercise the rights, powers, authorities and discretions specifically given to the Agent under or in connection with the Finance Documents together with any other incidental rights, powers, authorities and discretions.

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[25] Drafting note: The agency provisions contemplate that a Facility Provider will be appointed as agent. If a third-party agent is appointed, parties should consider if further amendments are necessary to this clause.

12.2 **Instructions**

(a) The Agent shall:

(i) unless a contrary indication appears in a Finance Document, exercise or refrain from exercising any right, power, authority or discretion vested in it as Agent in accordance with any instructions given to it by:

(A) all Facility Providers if the relevant Finance Document stipulates the matter is a decision to be made by all Facility Providers; and

(B) in all other cases, the Majority Facility Providers; and

(ii) not be liable for any act (or omission) if it acts (or refrains from acting) in accordance with paragraph (i) above.

(b) The Agent shall be entitled to request instructions, or clarification of any instruction, from the Majority Facility Providers (or, if the relevant Finance Document stipulates the matter is a decision for any other Facility Provider or group of Facility Providers, from that Facility Provider or group of Facility Providers) as to whether, and in what manner, it should exercise or refrain from exercising any right, power, authority or discretion. The Agent may refrain from acting unless and until it receives any such instructions or clarification that it has requested.

(c) Save in the case of decisions stipulated to be a matter for a specific Facility Provider or group of Facility Providers under the relevant Finance Document and unless a contrary indication appears in a Finance Document, the Agent shall seek clarification from all Facility Providers (acting unanimously) if any instructions given to the Agent by a Facility Provider (or group of Facility Providers) conflicts with instructions given by any other Parties.

(d) In the absence of instructions, the Agent may act (or refrain from acting) as it considers to be in the best interest of the Facility Providers.

(e) The Agent is not authorised to act on behalf of a Facility Provider (without first obtaining that Facility Provider's consent) in any legal or arbitration proceedings relating to any Finance Document.

12.3 **Duties of the Agent**

(a) The Agent's duties under the Finance Documents are solely mechanical and administrative in nature.

(b) Subject to paragraph (c) below, the Agent shall promptly forward to a Party the original or a copy of any document which is delivered to the Agent for that Party by any other Party.

(c) Except where a Finance Document specifically provides otherwise, the Agent is not obliged to review or check the adequacy, accuracy or completeness of any document it forwards to another Party.

(d) If the Agent is aware of the non-payment of any commitment fee or other fee payable to a Finance Party (other than the Agent) under this Agreement, it shall promptly notify the other Finance Parties.

(e) The Agent shall have only those duties, obligations and responsibilities expressly specified in the Finance Documents to which it is expressed to be a party (and no others shall be implied).

12.4 **No fiduciary duties**

(a) Nothing in any Finance Document constitutes the Agent as a trustee or fiduciary of any other person.

(b) The Agent shall not be bound to account to any Facility Provider for any sum or the profit element of any sum received by it for its own account.

12.5 **Business with the Bank**

The Agent may lend money to and generally engage in any other business with the Bank.

12.6 **Rights and discretions**

(a) The Agent may:

(i) rely on any representation, communication, notice or document believed by it to be genuine, correct and appropriately authorised;

(ii) assume that:

(A) any instructions received by it from the Majority Facility Providers, any Facility Providers or any group of Facility Providers are duly given in accordance with the terms of the Finance Documents; and

(B) unless it has received notice of revocation, that those instructions have not been revoked; and

(iii) rely on a certificate from any person:

(A) as to any matter of fact or circumstance which might reasonably be expected to be within the knowledge of that person; or

(B) to the effect that such person approves of any particular dealing, transaction, step, action or thing,

as sufficient evidence that that is the case and, in the case of sub-paragraph (iii)(A) above, may assume the truth and accuracy of that certificate.

(b) The Agent may assume (unless it has received notice to the contrary in its capacity as agent for the Facility Providers) that any right, power, authority or discretion vested in any Party or any group of Facility Providers has not been exercised.

(c) The Agent may engage and pay for the advice or services of any lawyers, accountants, tax advisers, surveyors or other professional advisers or experts.

(d) The Agent may rely on the advice or services of any lawyers, accountants, tax advisers, surveyors or other professional advisers or experts (whether obtained by the Agent or by any other Party) and shall not be liable for any damages, costs or losses to any person, any diminution in value or any liability whatsoever arising as a result of its so relying.

(e) The Agent may act in relation to the Finance Documents through its officers, employees and agents.

(f) Unless a Finance Document expressly provides otherwise the Agent may disclose to any other Party any information it reasonably believes it has received as agent under this Agreement.

(g) Notwithstanding any other provision of any Finance Document to the contrary, the Agent is not obliged to do or omit to do anything if it would, or might in its reasonable opinion, constitute a breach of any law or regulation or a breach of a fiduciary duty or duty of confidentiality.

12.7 **Responsibility for documentation**

The Agent is not responsible or liable for:

(a) the adequacy, accuracy or completeness of any information (whether oral or written) supplied by the Agent, the Bank or any other person in or in connection with any Finance Document or the transactions contemplated in the Finance Documents or any other agreement, arrangement or document entered into, made or executed in anticipation of, under or in connection with any Finance Document; or

(b) the legality, validity, effectiveness, adequacy or enforceability of any Finance Document or any other agreement, arrangement or document entered into, made or executed in anticipation of, under or in connection with any Finance Document.

12.8 **No duty to monitor**

The Agent shall not be bound to enquire:

(a) as to the performance, default or any breach by any Party of its obligations under any Finance Document; or

(b) whether any other event specified in any Finance Document has occurred.

12.9 **Exclusion of liability**

(a) Without limiting paragraph (b) below (and without prejudice to any other provision of any Finance Document excluding or limiting the liability of the Agent), the Agent will not be liable for:

(i) any damages, costs or losses to any person, any diminution in value, or any liability whatsoever arising as a result of taking or not taking any action under or in connection with any Finance Document;

(ii) exercising, or not exercising, any right, power, authority or discretion given to it by, or in connection with, any Finance Document or any other agreement, arrangement or document entered into, made or executed in anticipation of, under or in connection with, any Finance Document; or

(iii) without prejudice to the generality of sub-paragraphs (i) and (ii) above, any damages, costs or losses to any person, any diminution in value or any liability whatsoever arising as a result of any act, event or circumstance not reasonably within its control, including (without limitation) such damages, costs, losses, diminution in value or liability arising as a result of any currency devaluation or fluctuation; breakdown, failure or malfunction of any telecommunications, computer

services or systems; natural disasters or acts of God; war, terrorism, insurrection or revolution.

(b) No Party (other than the Agent) may take any proceedings against any officer, employee or agent of the Agent in respect of any claim it might have against the Agent or in respect of any act or omission of any kind by that officer, employee or agent in relation to any Finance Document and any officer, employee or agent of the Agent may rely on this paragraph (b) subject to Clause 1.3 (*Third party rights*) and the provisions of the Third Parties Act.

(c) The Agent will not be liable for any delay (or any related consequences) in crediting an account with an amount required under the Finance Documents to be paid by the Agent if the Agent has taken all necessary steps as soon as reasonably practicable to comply with the regulations or operating procedures of any recognised settlement system used by the Agent for that purpose.

(d) Nothing in this Agreement shall oblige the Agent to carry out any check on the extent to which any transaction contemplated by this Agreement might be *ultra vires* for any Facility Provider, on behalf of any Facility Provider and each Facility Provider confirms to the Agent that it is solely responsible for any such checks it is required to carry out and that it may not rely on any statement in relation to such checks made by the Agent.

(e) Without prejudice to any provision of any Finance Document excluding or limiting the Agent's liability, any liability of the Agent arising under or in connection with any Finance Document shall be limited to the amount of actual loss which has been suffered (as determined by reference to the date of default of the Agent or, if later, the date on which the loss arises as a result of such default) but without reference to any special conditions or circumstances known to the Agent at any time which increase the amount of that loss. In no event shall the Agent be liable for any loss of goodwill, reputation, or for special, punitive, indirect or consequential damages, whether or not the Agent has been advised of the possibility of such loss or damages.

12.10 **Resignation of the Agent**

(a) The Agent may resign by giving 30 days' notice to the Facility Providers and the Bank, in which case the Majority Facility Providers (after consultation with the Bank) may appoint a successor Agent.

(b) If the Majority Facility Providers have not appointed a successor Agent in accordance with paragraph (a) above within 20 days after notice of resignation was given, the retiring Agent (after consultation with the Bank) may appoint a successor Agent.

(c) If the successor Agent is not a Facility Provider, the retiring Agent shall, at its own cost (but without duplication with Clause 6 (*Costs and Expenses*), make available to the successor Agent such documents and records and provide such assistance as the successor Agent may reasonably request for the purposes of performing its functions as Agent under the Finance Documents.

(d) The Agent's resignation notice shall only take effect upon the appointment of a successor.

(e) Upon the appointment of a successor, the retiring Agent shall be discharged from any further obligation in respect of the Finance Documents (other than its obligations under paragraph

(c) above) and any agency fees for the account of the retiring Agent shall cease to accrue from (and shall be payable on) that date. Its successor and each of the other Parties shall have the same rights and obligations amongst themselves as they would have had if such successor had been an original Party.

13. CONDUCT OF BUSINESS BY THE FINANCE PARTIES

No provision of this Agreement will:[26]

(a) interfere with the right of any Finance Party to arrange its affairs in whatever manner it thinks fit; or

(b) oblige any Finance Party to disclose any information relating to its affairs.

14. PAYMENT MECHANICS

14.1 Payments to the Agent

(a) On each date on which the Bank is required to make a payment under a Finance Document, that Bank shall make the same available to the Agent (unless a contrary indication appears in a Finance Document) for value on the due date at the time and in such funds specified by the Agent as being customary at the time for settlement of transactions in the Base Currency.

(b) Payment shall be made to such account and with such bank as the Agent specifies.

14.2 Distributions by the Agent

Each payment received by the Agent under the Finance Documents for another Party shall, subject to Clause 14.3 (*Clawback),* be made available by the Agent as soon as practicable after receipt, to the Party entitled to receive payment in accordance with this Agreement, by payment to such account as that Party may notify the Agent by not less than five Business Days' notice.

14.3 Clawback

(a) Where a sum is to be paid to the Agent under the Finance Documents for another Party, the Agent is not obliged to pay that sum to that other Party until it has been able to establish to its satisfaction that it has actually received that sum.

(b) If the Agent pays an amount to another Party and it proves to be the case that the Agent had not actually received that amount, then the Party to whom that amount was paid by the Agent shall on demand refund the same to the Agent.

14.4 Impaired Agent

(a) If, at any time, the Agent becomes an Impaired Agent, the Party which is required to make a payment under the Finance Documents to the Agent in accordance with Clause 14.1 (*Payments to the Agent*) may pay that amount direct to the required recipient(s).

In each case such payments must be made on the due date for payment under the Finance Documents.

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[26] Drafting note: Where the Finance Parties are not sovereigns, parties should consider expanding this Clause 13 to cover tax (for example, no obligation on a Finance Party to investigate/claim any tax credits or reliefs).

(b) A Party which has made a payment in accordance with this Clause 14.4 shall be discharged of the relevant payment obligation under the Finance Documents.

14.5 **Business Days**

(a) Any payment under the Finance Documents which is due to be made on a day that is not a Business Day shall be made on the next Business Day in the same calendar month (if there is one) or the preceding Business Day (if there is not).

14.6 **Currency of account**

(a) Each payment of fees shall be made in the Base Currency.

(b) Each payment in respect of costs or expenses shall be made in the currency in which the costs or expenses are incurred.

(c) Any amount expressed to be payable in a currency other than the Base Currency shall be paid in that other currency.

15. **NOTICES**

15.1 **Communications in writing**

Any communication to be made under or in connection with the Finance Documents shall be made in writing and, unless otherwise stated, may be made by letter.

15.2 **Addresses**

The address (and the department or officer, if any, for whose attention the communication is to be made) of each Party for any communication or document to be made or delivered under or in connection with the Finance Documents is:

(a) in the case of the Bank, that identified with its name below;

(b) in the case of each Facility Provider, that notified in writing to the Agent (copied to the Bank) on or prior to the date on which it becomes a Party; and

(c) in the case of the Agent, that identified with its name below,

or any substitute address or department or officer as the Party may notify to the Agent and the other Parties (or the Agent may notify to the other Parties, if a change is made by the Agent) by not less than five Business Days' notice.

15.3 **Delivery**

(a) Any communication or document made or delivered by one person to another under or in connection with the Finance Documents will only be effective if by way of letter, when it has been left at the relevant address or [five] Business Days after being deposited in the post postage prepaid in an envelope addressed to it at that address, and, if a particular department or officer is specified as part of its address details provided under Clause 15.2 (*Addresses*), if addressed to that department or officer.

(b) Any communication or document to be made or delivered to the Agent will be effective only when actually received by the Agent and then only if it is expressly marked for the attention of the department or officer identified with the Agent's signature below (or any substitute department or officer as the Agent shall specify for this purpose).

(c) All notices from or to the Bank shall be sent through the Agent.

(d) Any communication or document which becomes effective, in accordance with paragraphs (a) to (c) above, after 5.00 p.m. in the place of receipt shall be deemed only to become effective on the following day.

15.4 **Communication when Agent is Impaired Agent**

If the Agent is an Impaired Agent the Parties may, instead of communicating with each other through the Agent, communicate with each other directly and (while the Agent is an Impaired Agent) all the provisions of the Finance Documents which require communications to be made or notices to be given to or by the Agent shall be varied so that communications may be made and notices given to or by the relevant Parties directly.

15.5 **Electronic communication**

(a) Any communication or document to be made or delivered by one Party to another under or in connection with the Finance Documents may be made or delivered by electronic mail or other electronic means (including, without limitation, by way of posting to a secure website) if those two Parties:

(i) notify each other in writing of their electronic mail address and/or any other information required to enable the transmission of information by that means; and

(ii) notify each other of any change to their electronic mail address or any other such information supplied by them by not less than five Business Days' notice.

(b) Any such electronic communication or delivery as specified in paragraph (a) above to be made between the Bank and a Finance Party may only be made in that way to the extent that those two Parties agree that, unless and until notified to the contrary, this is to be an accepted form of communication or delivery.

(c) Any such electronic communication or document as specified in paragraph (a) above made or delivered by one Party to another will be effective only when actually received (or made available) in readable form and in the case of any electronic communication or document made or delivered by a Party to the Agent only if it is addressed in such a manner as the Agent shall specify for this purpose.

(d) Any electronic communication or document which becomes effective, in accordance with paragraph (c) above, after 5:00 p.m. in the place in which the Party to whom the relevant communication or document is sent or made available has its address for the purpose of this Agreement shall be deemed only to become effective on the following day.

(e) Any reference in a Finance Document to a communication being sent or received or a document being delivered shall be construed to include that communication or document being made available in accordance with this Clause 15.5.

15.6 **English language**

(a) Any notice given under or in connection with any Finance Document must be in English.

(b) All other documents provided under or in connection with any Finance Document must be:

(i) in English; or

(ii) if not in English, and if so required by the Agent, accompanied by a certified English translation and, in this case, the English translation will prevail unless the document is a constitutional, statutory or other official document.

16. CALCULATIONS AND CERTIFICATES

16.1 Accounts

In any litigation or arbitration proceedings arising out of or in connection with a Finance Document, the entries made in the accounts maintained by a Finance Party are *prima facie* evidence of the matters to which they relate.

16.2 Determinations

Except in respect of any determination or calculation which is specified as being made by the Bank in any Finance Document (including, for the avoidance of doubt, determination of the GCI Amount and calculation of the ECAP Coverage Ratio), any determination by a Finance Party of any other rate or amount under any Finance Document is, in the absence of manifest error, conclusive evidence of the matters to which it relates.

For the avoidance of doubt, any calculations or determinations made by the Agent shall be limited to its administrative capacity, and the Agent shall have no right to recalculate any amounts or rates that have already been determined.

16.3 [Day count convention and interest calculation

(a) Any fee accruing under a Finance Document will accrue from day to day and the amount of any such fee is calculated:

(i) on the basis of the actual number of days elapsed and a year of 360 days; and

(ii) subject to paragraph (b) below, without rounding.

(b) The aggregate amount of any accrued fee which is, or becomes, payable by the Bank under a Finance Document shall be rounded to 2 decimal places.][27]

17. PARTIAL INVALIDITY

If, at any time, any provision of a Finance Document is or becomes illegal, invalid or unenforceable in any respect under any law of any jurisdiction, neither the legality, validity or enforceability of the remaining provisions nor the legality, validity or enforceability of such provision under the law of any other jurisdiction will in any way be affected or impaired.

18. REMEDIES AND WAIVERS

(a) No failure to exercise, nor any delay in exercising, on the part of the Bank or the Finance Party, any right or remedy under a Finance Document shall operate as a waiver of any such right or remedy or constitute an election to affirm any of the Finance Documents. No waiver or election to affirm any Finance Document on the part of the Bank or the Finance Party shall be effective unless in writing. No single or partial exercise of any right or remedy shall prevent any further or other exercise or the exercise of any other right or remedy. The rights

[27] Drafting note: Clause to be tailored depending on what the MDB and the Facility Providers agree for the purposes of determining the Commitment Fee.

and remedies provided in each Finance Document are cumulative and not exclusive of any rights or remedies provided by law.

(b) Notwithstanding the above, the Bank and the Finance Parties agree and acknowledge that any obligations arising under Clause 3.3 (*Issue and Subscription of Contingent Capital Instruments*) following an Activation Trigger Event Determination shall arise without the need for any Party to exercise discretion or right of election.

19. AMENDMENTS AND WAIVERS

19.1 No amendments may be made to the Finance Documents even by way of consent of all the Facility Providers and the Bank, where such amendment could adversely impact the CRA Recognition of the Facility.

19.2 An amendment or waiver which relates to the rights or obligations of the Agent may not be effected without the consent of the Agent.

20. CONFIDENTIAL INFORMATION

20.1 Confidentiality

Each Party agrees to keep all Confidential Information confidential and not to disclose it to anyone, save to the extent permitted by Clause 20.2 (*Disclosure of Confidential Information*), and to ensure that all Confidential Information is protected with security measures and a degree of care that would apply to its own confidential information.

20.2 Disclosure of Confidential Information

Any Party may disclose:[28]

(a) to any of its or their officers, directors, employees, professional advisers, auditors and Representatives such Confidential Information as that Party shall consider appropriate if any person to whom the Confidential Information is to be given pursuant to this paragraph (a) is informed in writing of its confidential nature and that some or all of such Confidential Information may be price-sensitive information except that there shall be no such requirement to so inform if the recipient is subject to professional obligations to maintain the confidentiality of the information or is otherwise bound by requirements of confidentiality in relation to the Confidential Information;

(b) to any person:

(i) appointed by any Party to receive communications, notices, information or documents delivered pursuant to the Finance Documents on its behalf;

(ii) to whom information is required or requested to be disclosed by any court of competent jurisdiction or any governmental, banking, taxation or other

[28] Drafting note: If a Finance Party is a sovereign and needs to share Confidential Information with particular organisations/ministries, the following provisions should be amended to include such parties. Where a Finance Party is not a sovereign, it may consider including the LMA definition of "Affiliate" to enable disclosure of Confidential Information to its Affiliates. Each party should also consider in respect of the relevant facility whether any additional parties should be included below to enable disclosure to such party.

regulatory authority or similar body or pursuant to any applicable law or regulation;

(iii) to whom information is required to be disclosed in connection with, and for the purposes of, any litigation, arbitration, administrative or other investigations, proceedings or disputes;

(iv) who is a Party; or

(v) with the consent of the Bank and, if the Confidential Information relates to a Finance Party, each relevant Finance Party;

in each case, such Confidential Information as that Party shall consider appropriate if:

(A) in relation to paragraph (b)(i) above, the person to whom the Confidential Information is to be given has entered into a Confidentiality Undertaking except that there shall be no requirement for a Confidentiality Undertaking if the recipient is a professional adviser and is subject to professional obligations to maintain the confidentiality of the Confidential Information;

(B) in relation to paragraphs (b)(ii) and (b)(iii) above, the person to whom the Confidential Information is to be given is informed of its confidential nature and that some or all of such Confidential Information may be price-sensitive information except that there shall be no requirement to so inform if, in the opinion of that Party, it is not practicable so to do in the circumstances; and

(c) to any rating agency (including its professional advisers) such Confidential Information as may be required to be disclosed to enable such rating agency to carry out its normal rating activities in relation to the Finance Documents and/or the Bank if the rating agency to whom the Confidential Information is to be given is informed of its confidential nature and that some or all of such Confidential Information may be price-sensitive information.

20.3 **Entire agreement**

This Clause 20 constitutes the entire agreement between the Parties in relation to the obligations of the Finance Parties under the Finance Documents regarding Confidential Information and supersedes any previous agreement, whether express or implied, regarding Confidential Information.

20.4 **Notification of disclosure**

Each of the Parties agrees (to the extent permitted by law and regulation) to inform the other Parties:

(a) of the circumstances of any disclosure of Confidential Information made pursuant to Clause 20.2(b)(ii) (*Disclosure of Confidential Information*) except where such disclosure is made to any of the persons referred to in that paragraph during the ordinary course of its supervisory or regulatory function; and

(b) upon becoming aware that Confidential Information has been disclosed in breach of this Clause 20.

20.5 **Continuing obligations**

The obligations in this Clause 20 are continuing and, in particular, shall survive and remain binding on each Party for a period of [five years] from the earlier of:

(a) the termination of this Agreement; and

(b) the date on which such Party otherwise ceases to be a Party.

21. **COUNTERPARTS**

Each Finance Document may be executed in any number of counterparts, and this has the same effect as if the signatures on the counterparts were on a single copy of the Finance Document.

22. **GOVERNING LAW**

This Agreement and any non-contractual obligations arising out of or in connection with it shall be governed by English law.

23. **ENFORCEMENT**

23.1 **Jurisdiction**[29]

(a) All the parties irrevocably agree that the courts of England are to have exclusive jurisdiction to settle any disputes which may arise out of or in connection with this Agreement (including a dispute relating to the existence, validity or termination of this Agreement or any non-contractual obligation arising out of or in connection with this Agreement) and that accordingly any action or proceedings arising out of or in connection with this Agreement shall be brought in such courts.

(b) All the parties irrevocably submit to the jurisdiction of the courts of England and waive any objection to proceedings in any such court on the ground of venue or on the ground that the proceedings have been brought in an inconvenient forum.

23.2 **Waiver of Immunity**[30]

(a) Each Party agrees that it irrevocably and unconditionally waives and agrees not to claim, to the extent permitted by applicable law, in relation to any disputes arising out of or in connection with this Agreement under any law or in any jurisdiction and notwithstanding the dispute(s) relate to acts of a sovereign or governmental character, all immunity on the grounds of sovereignty or otherwise (for itself/themselves and its/their property, present or subsequently acquired), including, without limitation, immunity from:

(i) the jurisdiction of any court, tribunal or other adjudicative body and the service and pursuit of any proceedings in that court, tribunal or other adjudicative body;

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[29] Drafting note: This Agreement excludes process agency provisions on the basis Parties are unlikely to seek litigation under this Facility. To the extent these are required for a different fact pattern, parties should consider incorporation of such provisions.

[30] Drafting note: To the extent that any carve-outs are required by a party in respect of the waiver of immunity, this clause should be amended.

(ii) procedural privileges relating to the obligation to disclose documents or information;

(iii) an interim or other relief, before or after proceedings have commenced, including but not limited to orders for injunction, specific performance, or recovery of property; and

(iv) any set-off, attachment or execution or enforcement of a judgment or arbitral award against its property, or in an action in rem for the arrest, detention or sale of its property irrespective of that property's use or intended use, whether commercial or otherwise.

This Agreement has been entered into on the date stated at the beginning of this Agreement.

SCHEDULE 1

THE FACILITY PROVIDERS

Name of Facility Provider	Commitment

SCHEDULE 2

ACTIVATION TRIGGER EVENT NOTICE

From: [Bank]

To: [Agent]

Dated:

[Name of Bank] Contingent Capital Facility Agreement
dated [_____] (the "Agreement")

1. We refer to the Agreement. This is an Activation Trigger Event Notice. Terms defined in the Agreement have the same meaning in this Activation Trigger Event Notice unless given a different meaning in this Activation Trigger Event Notice.

2. We wish to notify the Facility Providers that:

2.1 an Activation Trigger Event occurred on [*Date*];

2.2 the date of the Activation Trigger Event Determination is [*Date*];

2.3 the Activation Date is [*Date*];

2.4 the outstanding Commitment in relation to each Facility Provider on the Activation Date is [●];

2.5 the ECAP Coverage Ratio in respect of the Activation Trigger Event, is [●] per cent.;

2.6 the Activation Trigger in respect of the Activation Trigger Event, is [●] per cent.;

2.7 [*Insert a reasonable level of detail of the calculations performed evidencing the occurrence of the Activation Trigger Event;*][31] [and]

2.8 [*Insert any other detail in respect of the Activation Trigger Event which the Bank considers appropriate to include*].

3. [We confirm that the Activation Trigger Event Determination was made in accordance with the Risk Appetite Framework (being the version applicable at the time of the Activation Trigger Event.]

4. This Activation Trigger Event Notice is irrevocable.

……

authorised signatory for
[*Name of Bank*]

[31] Drafting note: Such reasonable level of detail to be included if the Activation Trigger Event Determination was made on a Monitoring Date under Clause 3.1(a)(ii).

SCHEDULE 3

TERMS AND CONDITIONS OF THE NOTES

[*The remainder of this page is intentionally left blank*]

The Bank[32]

[NAME OF BANK]

By:

Address:

Attention:

The Facility Providers

[[FACILITY PROVIDER] (as Facility Provider)

By:

By:]

[*separate signature blocks required for each Facility Provider*]

The Agent

Address:

Attention:

By:

[32] Drafting note: Each Party to insert the relevant form of signature block. Parties should also consider the execution requirements applicable to it for the valid execution of an English-law governed agreement.

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NOTE ISSUANCE DEED

Up to USD [●][1] Hybrid Perpetual Subordinated Callable Notes issued pursuant to the Contingent Capital Facility Agreement

Dated [●]

[●]

(as Issuer and Registrar[2])

Ref: L-372621

[1] Drafting note: The notional of the Notes should be agreed between the parties taking into account, without limitation, (i) the Issuer's capital needs; (ii) internal Tier 1/Tier 2 limits; and (iii) caps and haircuts applied by the credit rating agencies.

[2] Drafting note: As these are definitive registered Notes, a Registrar will be required to maintain a register detailing the identity of the Noteholders and their respective holdings of the Notes. On the basis that the Notes are not transferable, the role of the Registrar should not be operationally challenging for the Issuer to carry out but the Issuer should consider whether it is able to undertake this role.

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This Note Issuance Deed dated [●] (this "**Deed**"), is made as a deed and entered into by and among:[3]

(1) **[●]** (the "**Issuer**"); [and]

(2) [[**NOTEHOLDER**] (the "**Noteholder**")[;][and][.]] [*repeat as necessary for each Noteholder*]

Background

(A) The Issuer (as borrower) and the Noteholder(s) (as facility provider(s)) have entered into a contingent capital facility agreement dated [●] (the "**Facility Agreement**").

(B) Following an Activation Date and the corresponding determination that an Activation Trigger Event has occurred within the Availability Period, the Issuer has agreed, pursuant to the conditions for issue set out in the Facility Agreement, to issue the Notes on the terms and conditions set out in Schedule 1 (*Conditions*) herein, without further discretion exercised by any party to the Facility Agreement.

(C) Each Noteholder has also agreed, pursuant to the terms of the Facility Agreement, to subscribe for (and shall be deemed to subscribe for) and purchase, on the Activation Date, a portion of the Notes in an aggregate principal amount equal to its corresponding Commitment on the Activation Date for value at a price equal to the Subscription Amount, without any further discretion.

(D) The Notes shall be constituted by this Note Issuance Deed as set out herein.

It is agreed as follows:

1 Definitions and Interpretation

1.1 Definitions

Capitalised terms used but not defined in this Note Issuance Deed have the meanings given to them in the Facility Agreement and in the Conditions (as defined below).

In addition:

"**Certificate**" means a registered certificate substantially in the form set out in Schedule 2 (*Form of Certificate*), duly executed by the Issuer relating to the Notes represented by it.[4]

"**Conditions**" means the terms and conditions set out in Schedule 1 (*Conditions*).

"**Issue Date**" means the Activation Date.

"**Notes**" means the notes constituted by this Note Issuance Deed and having their terms and conditions governed by this Note Issuance Deed and the Conditions or, as the case may be, the principal amount of such notes issued and outstanding from time to time.

"**Noteholder**" means (i) on the Issue Date, a Facility Provider which has not ceased to be a Facility Provider under, and in accordance with, the Facility Agreement on the Activation Date and (ii) thereafter, the person in whose name a Note is registered.

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[3] Drafting note: The drafts do not provide for the appointment of a notes trustee to act as the Noteholders' collective representative, nor a fiscal agent to act on behalf of the Issuer for administrative purposes. If parties require or prefer this to be included in the structure, the relevant trustee/agency provisions may be built in.

[4] Drafting note: Documentation has been drafted on the basis of definitive registered notes (held outside of the clearing systems). Should parties wish to issue definitive bearer notes, or have the notes settled through clearing systems, further amendments will be required.

"**Register**" means the register of Noteholders kept and maintained by the Registrar in accordance with Clause 9 (*Register of the Notes*).

1.2 Construction

In this Note Issuance Deed, except to the extent that the context otherwise requires:

1.2.1 references to:

(i) any agreement, deed, instrument, licence, code or other document, or to a provision contained in any of these, shall be construed, at the particular time, as a reference to it as it may then have been amended, varied, supplemented, modified, suspended, assigned or novated;

(ii) any party to this Note Issuance Deed includes its successors in title, permitted assigns and permitted transferees;

(iii) an action, remedy or method of judicial proceedings for the enforcement of creditors' rights includes references to the action, remedy or method of judicial proceedings in jurisdictions other than England as shall most nearly approximate thereto;

(iv) a statute or statutory provision includes that statute or provision as from time to time modified, re-enacted or consolidated;

(v) a "person" includes any individual, firm, company, corporation, government, state or agency of a state or any association, trust, joint venture, consortium, partnership or other entity (whether or not having separate legal personality);

(vi) "assets" includes present and future properties, revenues and rights of every description; and

(vii) a "regulation" includes any regulation, rule, official directive, treaty, request or guideline (whether or not having the force of law) of any governmental, intergovernmental or supranational body, agency, department or regulatory, self-regulatory or other authority or organisation;

1.2.2 headings are for ease of reference only and shall be ignored in interpreting this Note Issuance Deed;

1.2.3 all notices to be given by any party to this Note Issuance Deed and all other communications and documentation which are in any way relevant to this Note Issuance Deed or the performance or termination of this Note Issuance Deed shall be in the English language; and

1.2.4 the words "include" and "including" are to be construed without limitation.

1.3 Currency symbols and definitions

"U.S.$", "USD" and "U.S. dollars" denote the lawful currency of the United States of America.

1.4 Contracts (Rights of Third Parties) Act 1999

A person who is not a party to this Note Issuance Deed has no right under the Contracts (Rights of Third Parties) Act 1999 to enforce any term of this Note Issuance Deed.

2 Amount of the Notes

On the Issue Date, the Notes shall have an aggregate principal amount in USD equal to the Total Commitments on the Activation Date. The Notes shall be issued on a delivery free-of-payment basis and the denomination of the Notes shall be as provided in the Conditions.

3 Issuance and subscription

3.1 Pursuant to the Facility Agreement, the Issuer has agreed, without further discretion by any party, to issue the Notes on the Issue Date on a delivery free-of-payment basis to the Noteholder(s) and each Noteholder has agreed to subscribe for and purchase a portion of the Notes in an aggregate principal amount equal to its corresponding Commitment on the Activation Date, and to pay to the Issuer an amount equal to its respective Subscription Amount on a Subscription Payment Date in consideration for its subscription of the Notes.

3.2 For the avoidance of doubt, if an Activation Trigger Event does not occur within the Availability Period in accordance with the Facility Agreement, the Notes will not be issued by the Issuer.

3.3 Pursuant to the terms of the Facility Agreement, the Subscription Amount in USD is calculated by the product of a Noteholder's Commitment as at the Activation Date and the issue price of 100 per cent..[5]

3.4 All Notes shall have the same Specified Denomination.

4 Redemption

The Notes shall be undated securities with no specified maturity date, subject to (i) the provisions for early redemption of the Notes pursuant to Condition 4.2 (*Redemption following an Issuer Call*) and Condition 4.3 (*Redemption following Bilateral Election Early Redemption*) under which the Notes shall be redeemed in full on the Early Redemption Date; and (ii) the provisions for optional redemption by a Noteholder of the Notes pursuant to Condition 4.4 (*Redemption following a GCI Noteholder Option*) under which the GCI Relevant Notes shall be redeemed on the GCI Optional Redemption Date.

In addition, all Notes shall be permanently written down upon the occurrence of a Principal Write-Down Event pursuant to Condition 7 (*Permanent Principal Write-Down*).

5 Status of the Notes

5.1 The Notes shall be known as the "**USD [●] Hybrid Perpetual Subordinated Callable Notes**". The Notes shall constitute direct, unsecured and unconditional obligations of the Issuer and will rank:

5.1.1 *pari passu* without any preference among themselves and with all Deeply Subordinated Hybrid Obligations;

5.1.2 subordinated in right of payment to the repayment in full of all Senior Obligations; and

5.1.3 senior only to Junior Obligations.

[5] Drafting note: The drafts contemplate issuance at par unless there are transaction-specific circumstances (including credit rating agency input) or accounting which supports otherwise.

6 Conditions of Issue

The Conditions and the provisions contained in the Schedules shall have effect in the same manner as if such Conditions and provisions were set out herein. The Notes shall be held subject to and with the benefit of the Conditions and of the provisions in the Schedules, all of which shall be binding on the Issuer and the Noteholders and all persons claiming through either of them (if any).

7 Covenants by the Issuer

The Issuer covenants with the Noteholder(s) to:

7.1 perform and observe the obligations on its part contained in this Note Issuance Deed and the Notes (including, without limitation, the Schedules) with the intent that this Note Issuance Deed shall enure to the benefit of each Noteholder, who may sue for the performance or observance of the provisions of this Note Issuance Deed so far as its holding of Notes is concerned;

7.2 on any date when the Notes become due to be redeemed, unconditionally pay each Noteholder in same day funds the outstanding principal amount of the Notes becoming due for redemption on that date, together with accrued but unpaid interest (the calculation of such outstanding principal amount and interest amount being subject to the Conditions); and

7.3 use reasonable efforts on the Issue Date (without charge to the Noteholders) to execute and procure the delivery of authenticated Certificates to each Noteholder in respect of the Notes registered in each Noteholder's name on the Issue Date. Each Certificate shall be in the form or substantially in the form set out in Schedule 2 (*Form of Certificate*).[6]

8 Certificates for the Notes

8.1 Each Certificate in respect of the Notes shall be printed in accordance with any applicable legal requirements and substantially in the form set out in Schedule 2 (*Form of Certificate*). Each Certificate in respect of the Notes shall have the Conditions endorsed on or attached to it and shall bear a unique certificate number printed thereon.

8.2 The Certificates shall be signed manually or in facsimile by a duly authorised director or attorney of the Issuer and shall be authenticated by or on behalf of the Registrar. The Issuer may use the facsimile signature of a person who on the date of the Note Issuance Deed is such a director or attorney of the Issuer even if, at the time of issue of any Notes and corresponding Certificates, he or she no longer holds that office or the relevant power of attorney has expired. Certificates so executed and authenticated shall represent binding and valid obligations of the Issuer. The Issuer may require such legend or legends on the Certificates as it shall deem appropriate.

8.3 In respect of the issuance of the Notes, the Registrar shall procure the delivery of such Certificates[7] and shall cause an appropriate entry to be made in the Register to reflect the

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[6] Drafting note: For the purposes of ensuring a smooth issuance, the Issuer should ensure that internal approvals relating to the issuance of the Notes have been lined up at the time the Note Issuance Deed is signed, so that issuance occurs without further approvals required.

[7] Drafting note: If the Issuer appoints a third party as the Registrar, parties should consider consequential changes to the Notes to cater for the introduction of the third party. For example, parties may consider including language here to ensure that delivery is in a manner agreed with the Issuer.

issue of Notes to the person(s) whose name and address appears on such Certificates, being the Facility Providers.

8.4 If any Certificate is lost, stolen, mutilated, defaced or destroyed, it may be replaced, subject to applicable laws, regulations or other relevant regulatory authority regulations and indemnities (if applicable), at the headquarters of the Issuer.

9 Register of the Notes

9.1 The Issuer agrees to act as the Registrar in respect of the Notes.

9.2 The Issuer (acting in its capacity as Registrar) shall, at all times, maintain a Register at its headquarters (or at such other place as the Issuer may from time to time have appointed for the purpose and have notified to the Noteholders).

9.3 The Register shall show the following details:

9.3.1 the number of issued Certificates;

9.3.2 the aggregate outstanding principal amount of the Notes;

9.3.3 the outstanding principal amount of each Note held by a Noteholder;

9.3.4 the Designated Account of each Noteholder;

9.3.5 the date of issue of each Note;

9.3.6 the name and address of each Noteholder for the time being; and

9.3.7 the date at which the name of a Noteholder is entered in respect of the Notes registered in its name.

9.4 Any change of name or address by a Noteholder that is notified to the Issuer at the address of its headquarters above shall be entered in the Register.

9.5 The Noteholders may at all reasonable times during office hours and on reasonable notice inspect, and take copies of, the Register.

9.6 Except as required by law, the Issuer will recognise the registered holders of the Notes as the absolute owners thereof for all purposes and shall not (except as ordered by a court of competent jurisdiction) be bound to take notice or see to the execution of any trust, whether express, implied or constructive, to which the Notes may be subject and the receipt by the registered holders for the time being of the Notes of the principal moneys payable in respect thereof or of the interest from time to time accruing due in respect thereof or for any other moneys payable in respect thereof shall be a good discharge to the Issuer, notwithstanding any notice it may have, whether express or otherwise, of the right, title, interest or claim of any other person to or in the Notes, interest or moneys. The Issuer shall not be bound to enter any notice of any trust, whether express, implied or constructive, on the Register in respect of the Notes.

9.7 Subject to the Conditions, the Noteholders will be recognised by the Issuer as entitled to the Notes free from any equity, set-off or cross-claim on the part of the Issuer against the original or any intermediate holder of the Notes.[8]

10 Representations and Warranties of the Issuer

10.1 The Issuer represents and warrants that:

10.1.1 it is an international organisation, duly established and validly existing under its constitutional documents;

10.1.2 the obligations expressed to be assumed by it in this Note Issuance Deed are legal, valid, binding and enforceable obligations;

10.1.3 the entry into and performance by it of, and the transactions contemplated by, this Note Issuance Deed do not and will not conflict with:

(i) its own internal governance policies;

(ii) its constitutional documents; or

(iii) any agreement or instrument binding upon it or any of its assets;

10.1.4 it has the power to enter into, perform and deliver, and has taken all necessary action to authorise its entry into, performance and delivery of, this Note Issuance Deed and the transactions contemplated by this Note Issuance Deed;

10.1.5 all Authorisations required or desirable:

(i) to enable it lawfully to enter into, exercise its rights and comply with its obligations in this Note Issuance Deed; and

(ii) to make this Note Issuance Deed admissible in evidence in its jurisdiction of incorporation,

have been obtained or effected and are in full force and effect;

10.1.6 the Notes will rank:

(i) *pari passu* without any preference among themselves and with all Deeply Subordinated Hybrid Obligations;

(ii) subordinated in right of payment to the repayment in full of all Senior Obligations; and

(iii) senior only to Junior Obligations;

10.1.7 the Facility constitutes, for the purposes of the Issuer's accounting treatment, "supplemental capital" and the Notes, once issued, shall be accounted for as equity; and

10.1.8 it has conducted its business in compliance with applicable anti-corruption internal governance policies and has instituted and maintained policies and procedures designed to promote and achieve such compliance.

[8] Drafting note: The draft contains no tax gross-up provisions by the Issuer. In cases where a Noteholder is a non-sovereign entity and requires tax gross-up, these provisions should be carefully considered against the structural design of the Notes (in particular, with the view of supporting its permanence), and any tax-related redemption of the Notes should be subject to the Capital Adequacy Conditions.

10.2 The representations and warranties in Clause 10.1 are given by the Issuer as at the date of this Note Issuance Deed and shall be repeated by the Issuer on the Issue Date.

10.3 Each Noteholder makes the representations and warranties set out in Clauses 10.1.2 to 10.1.5 above and shall repeat such representations and warranties on the Issue Date.

11 Amendments and Waivers

An amendment or waiver of any provisions of this Note Issuance Deed shall only be made with the prior written consent of the Issuer and all Noteholders, other than any amendment or waiver of a formal, minor or technical nature which shall not require the consent of any Noteholder.

12 Noteholder Decision-making[9]

12.1 *General Meetings*

12.1.1 The Issuer may convene a meeting of the Noteholders (including by way of conference call or by use of a videoconference platform) to consider any matter affecting their interests, including the sanctioning of a modification of the Notes, unless such change is expressly permitted without the consent of the Noteholders pursuant to the Conditions. Such a meeting may be convened by the Issuer and shall be convened by the Issuer if required in writing by Noteholders holding not less than [five] per cent. in principal amount of the Notes for the time being remaining outstanding. At least [21] days' notice (exclusive of the day on which the notice is given and of the day of the meeting) shall be given to the Noteholders.

12.1.2 A copy of the notice shall be given by the Issuer to the other parties, and the notice shall specify the day, time and place of meeting, the nature of the resolutions to be proposed and details of time limits applicable.

12.1.3 The quorum at any such meeting must be all persons holding or representing an aggregate of [100] per cent. in principal amount of the Notes for the time being outstanding, and any resolution passed at such meeting shall be passed [unanimously by all Noteholders][10]. No business (except choosing a chairman) shall be transacted at a meeting unless a quorum is present at the commencement of business. If a quorum is not present within [30] minutes from the time initially fixed for the meeting, it shall be dissolved.

12.1.4 A meeting that has been validly convened in accordance with this Clause 12.1, may be cancelled by the Issuer by giving at least five days' notice (exclusive of the day on which the notice is given or deemed to be given and of the day of the meeting) to the Noteholders.

12.1.5 The chairman of a meeting shall be such person as the Issuer may nominate in writing. The Noteholders, the chairman, the Issuer, any of their advisers and any other person approved by the Issuer may attend and speak at a meeting.

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[9] Drafting note: The Notes have been drafted on the basis that unanimous decision-making by the Noteholders is required. Parties may wish to consider amending this if the relevant structure allows for a different threshold.

[10] Drafting note: This threshold (i.e. 100 per cent./unanimous consent) may be amended to allow for majority and super-majority Noteholder decision-making as required.

12.1.6 Each question submitted to a meeting shall be decided by a show of hands. On a show of hands, every person who is present in person and who produces a Certificate of which he is the registered holder has one vote.

12.1.7 Minutes shall be made of all resolutions and proceedings at every meeting and, if signed by the chairman of that meeting or the chairman of the next succeeding meeting, shall be conclusive evidence of the matters in them.

12.2 *Written Resolution*

A written resolution (signed by or on behalf of the holders of [100] per cent. of the aggregate principal amount of the Notes then outstanding) may be contained in one document or in several documents in like form, each signed by or on behalf of one or more of the Noteholders (a "**Written Resolution**").

12.3 *Effect*

12.3.1 A resolution passed at a meeting duly convened pursuant to Clause 12.1 above, or a Written Resolution, shall be effective and binding on all Noteholders. The passing of such a resolution shall be conclusive evidence that the circumstances justify its being passed.

12.3.2 The Issuer is not bound to implement the matters approved by the Noteholders and a modification of the Conditions and/or this Note Issuance Deed may only be made with the agreement of the Issuer.

13 Communications

13.1 All communications relating to this Note Issuance Deed or the Notes shall be by letter, electronic communication or telephone:

13.1.1 in the case of the Issuer, to it at:

[ADDRESS OF ISSUER]

Telephone no.: [●]
Email: [●]
Attention: [●]

13.1.2 in the case of each Noteholder, to such address, electronic mail address as specified in the Register, or any other address, electronic communication address or telephone number of which written notice has been given to the other party in accordance with this Clause.

13.2 Such communications will take effect, in the case of a letter, when delivered or, in the case of an electronic communication, when the relevant receipt of such communication being read is given, or where no read receipt is requested by the sender, at the time of sending, provided that no delivery failure notification is received by the sender within 24 hours of sending such communication or, in the case of a telephone communication, when made; provided that any communication which is received (or deemed to take effect in accordance with the foregoing) outside business hours or on a non-business day in the place of receipt shall be deemed to take effect at the opening of business on the next following business day in such place. Any communication delivered to any party under this Note Issuance Deed which is to be sent by electronic communication will be written legal evidence.

14 Partial Invalidity

If, at any time, any provision of this Note Issuance Deed is or becomes illegal, invalid or unenforceable in any respect under any law of any jurisdiction, neither the legality, validity or enforceability of the remaining provisions nor the legality, validity or enforceability of such provision under the law of any other jurisdiction will in any way be affected or impaired.

15 Governing Law and Jurisdiction

15.1 **Governing Law**: This Note Issuance Deed (including the Conditions) and the Notes and any non-contractual obligations arising out of or in connection with them shall be governed by English law.

15.2 **Jurisdiction**: All the parties to this Note Issuance Deed irrevocably agree that the courts of England are to have exclusive jurisdiction to settle any disputes which may arise out of or in connection with this Note Issuance Deed (including the Conditions) and the Notes (including a dispute relating to the existence, validity or termination of this Note Issuance Deed, including the Conditions or any non-contractual obligation arising out of or in connection with this Note Issuance Deed, including the Conditions) and that accordingly any action or proceedings arising out of or in connection with this Note Issuance Deed (including the Conditions) and the Notes shall be brought in such courts.

All the parties irrevocably submit to the jurisdiction of the courts of England and waive any objection to proceedings in any such court on the ground of venue or on the ground that the proceedings have been brought in an inconvenient forum.

16 Waiver of Immunity[11]

The Issuer and each Noteholder each agrees that it irrevocably and unconditionally waives and agrees not to claim, to the extent permitted by applicable law, in relation to any disputes arising out of or in connection with this Note Issuance Deed (including the Conditions) and the Notes, under any law or in any jurisdiction and notwithstanding the dispute(s) relate to acts of a sovereign or governmental character, all immunity on the grounds of sovereignty or otherwise (for itself/themselves and its/their property, present or subsequently acquired), including, without limitation, immunity from:

16.1.1 the jurisdiction of any court, tribunal or other adjudicative body and the service and pursuit of any proceedings in that court, tribunal or other adjudicative body;

16.1.2 procedural privileges relating to the obligation to disclose documents or information;

16.1.3 an interim or other relief, before or after proceedings have commenced, including but not limited to orders for injunction, specific performance, or recovery of property; and

16.1.4 any set-off, attachment or execution or enforcement of a judgment or arbitral award against its property, or in an action in rem for the arrest, detention or sale of its property irrespective of that property's use or intended use, whether commercial or otherwise.

[11] Drafting note: To the extent that any carve-outs are required by a party in respect of the waiver of immunity, this clause should be amended.

In witness whereof, each party to this Deed has caused this Deed to be duly executed and delivered as a deed by its officers or representatives thereunto duly authorised on the date first written above.[12]

The Issuer
EXECUTED AS A DEED by
[●]
By:

[EXECUTED AS A DEED by
[**NOTEHOLDER**] as a Noteholder

By:] [*repeat as necessary for each Noteholder*]

[12] Drafting note: Insert appropriate signing blocks for execution of English law deed in respect of each party. Parties should consider the execution requirements applicable to it for the valid execution of an English-law governed deed.

Schedule 1
Terms and Conditions of the Notes

The issuance of the Notes by [●] (the "**Issuer**") is made pursuant to the terms of the contingent capital facility agreement dated [●] between the Issuer and the Noteholder(s) (the "**Facility Agreement**"). The Notes are constituted by a note issuance deed (the "**Note Issuance Deed**") dated on or about [●].

Copies of the Note Issuance Deed are available for inspection during usual business hours at the headquarters of the Issuer. The Noteholders are entitled to the benefit of, are bound by, and are deemed to have notice of, the provisions of the Note Issuance Deed and the Facility Agreement.

1 Definitions and Interpretation:

1.1 Definitions:

Capitalised terms used but not defined in these Conditions have the meanings given to them in the Facility Agreement and the Note Issuance Deed. In addition, unless specified otherwise, the following terms shall have the following meanings:

"**Adjustment Spread**" means the adjustment, if any, to a Replacement Reference Rate under the Notes that the Issuer and the Noteholders agree is required in order to reduce or eliminate, to the extent reasonably practicable, any transfer of economic value with respect to the Notes from (a) the Issuer to the Noteholders or (b) the Noteholders to the Issuer, in each case that would otherwise arise as a result of the replacement of the Reference Rate with the Replacement Reference Rate. Any such adjustment may be an adjustment spread that would be applied for over-the-counter derivatives transactions referencing the relevant Reference Rate in relation to the occurrence of an index cessation event or administrator/benchmark event in respect of such Reference Rate (however described under the terms of the relevant transaction) and/or take account of, without limitation, any anticipated transfer of economic value as a result of any difference in the term structure or tenor of the Replacement Reference Rate by comparison to the Reference Rate. The Adjustment Spread may be positive, negative or zero or determined pursuant to a formula or methodology;

"**Administrator/Benchmark Event**" means, for a Reference Rate, determination by the Issuer that:

(a) any authorisation, registration, recognition, endorsement, equivalence decision, approval or inclusion in any official register in respect of the Reference Rate or the administrator or sponsor of the Reference Rate has not been, or will not be, obtained or has been, or will be, rejected, refused, suspended or withdrawn by the relevant competent authority or other relevant official body; or

(b) it is not commercially reasonable to continue the use of the Reference Rate in connection with the Notes as a result of any applicable licensing restrictions or changes in the cost of obtaining or maintaining any relevant licence (including, without limitation, where the Issuer or any other entity is required to hold a valid licence in order to issue or perform its obligations in respect of the Notes and for any reason such licence is either not obtained, not renewed or is revoked or there is a material change in the cost of obtaining or renewing such licence); or

(c) a regulator or other official sector entity prohibits the use of such Reference Rate in respect of the Notes;

"**Applicable Rate**" means:

(a) in respect of each Interest Period falling from, and including the date determined by the Issuer as being the date on which it received all Subscription Amounts in full to, but excluding, the first Reset Date, the Initial Rate of Interest;

(b) in respect of each Interest Period falling from, and including the first Reset Date to, but excluding, the next following Reset Date, and with respect to each Reset Period thereafter, a percentage rate per annum which is the aggregate of the Reset Reference Rate[and the Margin];

"**Assets-to-Equity Determination Date**" means [15 March, 15 June, 15 September and 15 December of each year];[13]

"**Base Currency**" means U.S. dollars;[14]

"**Bilateral Election Early Redemption Date**" has the meaning given to it in Condition 4.3 (*Redemption following Bilateral Election Early Redemption*);

"**Bilateral Election Early Redemption Notice**" has the meaning given to it in Condition 4.3 (*Redemption following Bilateral Election Early Redemption*);

"**Bloomberg Screen**" means page H15T5Y on the Bloomberg L.P. service or any successor service or such other page as may replace that page on that service for the purpose of displaying, "treasury constant maturities" as reported in H.15;

"**Business Day**" means a day (other than a Saturday or Sunday) on which banks are open for general business in [_____], [_____] and [_____];[15]

"**Capital Adequacy Conditions**" has the meaning given to it in Condition 4.5 (*Capital Conditions to Redemption*);

"**CMT Rate**"[16] means, in relation to any Reset Date, the rate determined by the Issuer and expressed as a percentage per annum equal to:

(a) the yield for U.S. Treasury Securities at "constant maturity" for a designated maturity of five years, as published in the H.15 under the caption "Treasury constant maturities (nominal)", as that yield is displayed on the relevant Reset Determination Date, on the Bloomberg Screen;

(b) if the yield referred to in paragraph (a) above is not published by 4:00 p.m. (New York City time) on the Bloomberg Screen on the relevant Reset Determination Date, the yield for the U.S. Treasury Securities at "constant maturity" for a designated maturity of five years as published in the H.15 under the caption "treasury constant maturities (nominal)" on the relevant Reset Determination Date; or

[13] Drafting note: Total Assets to Paid-up Capital and Reserves ratio shall be observed on a quarterly basis, which is relevant to the Mandatory Interest Cancellation and Principal Write-Down Event provisions. Parties should insert the relevant dates on which this will be observed.

[14] Drafting note: The Notes are drafted for USD payments only. Parties should consider incorporation of any cross-currency provisions (or whether a swap is necessary), if multiple currencies are applicable in respect of the Facility and the Notes.

[15] Drafting note: Parties to insert the relevant Business Day jurisdictions for the Issuer and Noteholders.

[16] Drafting note: Issuer to consider whether this CMT Rate is the appropriate reference rate for its own circumstances.

(c) if the yield referred to in paragraph (b) above is not published by 4:30 p.m. (New York City time) on the relevant Reset Determination Date, the CMT Rate for the immediately preceding Reset Period or if none, [●] per cent per annum;[17]

"**Day Count Fraction**" means Actual/360, being the actual number of days in the relevant Interest Period divided by 360;

"**Default**" has the meaning given to it in Condition 5.1.1 (*Default*);

"**Designated Account**" has the meaning given to it in Condition 6.3 (*Account Details of Noteholders*);

"**Discretionary Cancelled Interest Payment**" has the meaning given to it in Condition 3.4.1 (*Discretionary Interest Cancellation*);

"**Discretionary Interest Cancellation**" has the meaning given to it in Condition 3.4.1 (*Discretionary Interest Cancellation*);

"**Early Redemption Amount**" means, subject to Condition 4 (*Redemption*), in respect of each Note outstanding on the relevant Early Redemption Date, such Note's *pro rata* share of (i) 100 per cent. of the aggregate outstanding principal amount of the Notes on such Early Redemption Date plus (ii) subject to Condition 3 (*Interest*), any accrued but unpaid interest in respect of the Notes as at such Early Redemption Date, subject to a minimum of zero. Notes held by a Noteholder shall be aggregated for the purposes of determining the aggregate Early Redemption Amount in respect of the Notes of that Noteholder;

"**Early Redemption Date**" means a Bilateral Election Early Redemption Date or an Issuer Call Early Redemption Date, as applicable;

"**Following Business Day Convention**" means in respect of a date which is specified to be subject to adjustment with such business day convention and such day would otherwise fall on a day which is not a Business Day, such date shall be postponed to the next day which is a Business Day;

"**GCI Noteholder Option**" has the meaning given to it in Condition 4.4.2 (*Redemption following a GCI Noteholder Option*);

"**GCI Optional Redemption Date**" means, in relation to a Notes GCI Event and the corresponding Noteholder, the date determined by the Issuer as being the date on which such Noteholder's contribution of paid-up equity capital to the Issuer as part of the relevant Notes General Capital Increase is paid (by such Noteholder) and received (by the Issuer) in full, subject to application of the Following Business Day Convention;

"**GCI Optional Redemption Amount**" means, in respect of a Notes GCI Event and each Note comprising the corresponding GCI Relevant Notes which is outstanding on the relevant GCI Optional Redemption Date, such Note's *pro rata* share of (i) 100 per cent. of the aggregate outstanding principal amount of the Notes on the relevant GCI Optional Redemption Date plus (ii) subject to Condition 3 (*Interest*), any accrued but unpaid interest in respect of the Notes as at such GCI Optional Redemption Date, subject to a minimum of zero. Notes held by the Noteholder who exercised the corresponding GCI Noteholder Option shall be aggregated for the purposes of determining the aggregate GCI Optional Redemption Amount in respect of the GCI Relevant Notes of that Noteholder;

[17] Drafting note: Fixed rate to be specified as the ultimate fallback rate.

"**GCI Post-Redemption Notice**" has the meaning given to it in Condition 4.4.7 (*Redemption following a GCI Noteholder Option*);

"**GCI Relevant Notes**" has the meaning given to it in Condition 4.4.2 (*Redemption following a GCI Noteholder Option*);

"**H.15**" means the weekly statistical release designated as H.15, or any successor publication, published by the board of governors of the Federal Reserve System at http://www.federalreserve.gov/releases/H15 or any successor site or publication;

"**Interest Amount**" means, in respect of any Interest Period, the amount of interest payable per outstanding Note for that Interest Period equal to the product of (i) the Applicable Rate; (ii) the outstanding principal amount of that Note on the last day of such Interest Period; and (iii) the Day Count Fraction for such Interest Period, subject to a minimum of zero;

"**Interest Determination Date**" means, with respect to an Applicable Rate and Interest Period, the last day of such Interest Period, subject to application of the Following Business Day Convention;

"**Initial Rate of Interest**" means [[●] per cent. per annum.];

"**Interest Payment Date**" means:

(a) the 2nd Business Day following the date falling six months after the Issue Date (the "**First IPD**");

(b) the 2nd Business Day following each date falling at six-monthly intervals after the First IPD;

(c) the Early Redemption Date; and

(d) each GCI Optional Redemption Date[18],

provided, in each case, that if any such date would otherwise fall on a day that is not a Business Day, the relevant Interest Payment Date shall be postponed by application of the Following Business Day Convention, and subject further to the cessation of interest accrual pursuant to Condition 3.6 (*Accrual of Interest*);

"**Interest Period**" means, and subject to the cessation of interest accrual pursuant to Condition 3.6 (*Accrual of Interest*), each period from (and including) an Interest Payment Date to (but excluding) the next successive Interest Payment Date, provided that the first Interest Period shall be the period from (and including) the date determined by the Issuer as being the date on which it received all Subscription Amounts in full[19], to (but excluding) the first occurring Interest Payment Date (ignoring for this purpose any adjustment to an Interest Payment Date in accordance with the Following Business Day Convention);

"**Issue Date**" means the Activation Date, provided that if no Activation Trigger Event occurs within the Availability Period in accordance with the Facility Agreement, no Issue Date shall occur;

[18] Drafting note: For ease of operations and calculation, the structure provides for accrued interest to be paid for all Notes on a GCI Optional Redemption Date. In respect of Notes which are subject to the GCI Noteholder Option, that interest would be paid as part of the GCI Optional Redemption Amount. In respect of other Notes, that interest would be paid as the Issuer would any other interest payment.

[19] Drafting note: This may be amended to the extent parties wish for interest to accrue from the Issue Date, or to stagger the interest commencement date so that it applies differently for each Noteholder (based on the date the corresponding Subscription Amount is paid in).

"**Issuer Call Early Redemption Date**" has the meaning given to it in Condition 4.2 (*Redemption following an Issuer Call*);

"**Issuer Call Early Redemption Notice**" has the meaning given to it in Condition 4.2 (*Redemption following an Issuer Call*);

"**Issuer Call Option**" has the meaning given to it in Condition 4.2 (*Redemption following an Issuer Call*);

"**Issuer Call Period**" means the period from, and including, the date falling on the 3rd month prior to the next succeeding Issuer Call Reset Date to, and including, such Issuer Call Reset Date;

"**Issuer Call Reset Date**" means:

(a) the date falling [10] years after the Issue Date; and

(b) each date falling on the 5th anniversary, and each subsequent 5th anniversary, of the date referred to in paragraph (a) above;

"**Mandatory Cancelled Interest Payment**" has the meaning given to it in Condition 3.3.1 (*Mandatory Interest Cancellation*);

"**Mandatory Interest Cancellation**" has the meaning given to it in Condition 3.3.1 (*Mandatory Interest Cancellation*);

["**Margin**" means [●] per cent.;][20]

"**Notes GCI Amount**" means, in relation to a Noteholder and a Notes General Capital Increase, the aggregate amount (expressed in the Base Currency), as determined by the Issuer, of paid-up equity capital contributed by that Noteholder to the Issuer as part of that Notes General Capital Increase;[21]

"**Notes GCI Event**" means, in relation to a Noteholder, a Noteholder contributes paid-up equity capital to the Issuer as part of a Notes General Capital Increase on or following the Issue Date;

"**Notes GCI Reduction Amount**" has the meaning given to it in Condition 4.4.2 (*Redemption following a GCI Noteholder Option*);

"**Notes General Capital Increase**" means any capital increase of the Issuer pursuant to which one or more Noteholders, in their capacity as shareholder of the Issuer, are invited or required to contribute paid-up equity capital to the Issuer in accordance with the Issuer's constitutive documents and internal governance arrangements from time to time;

"**Paid-up Capital and Reserves**" means the sum of (i) the authorised capital stock of the Issuer comprising paid-up shares but only to the extent any such shares have been paid-up and net of any cumulative exchange adjustment on subscription and (ii) the reserves of the Issuer, each as shown in the balance sheet of the Issuer contained in its latest [annual

[20] Drafting note: To the extent the Issuer expects to pay a different margin in respect of different interest periods, the definition of Margin should be split. References to Margin can also be deleted to the extent that parties agree commercially that no Margin is expected to apply.

[21] Drafting note: The drafting here assumes that the Issuer's paid-up equity capital is also denominated in the Base Currency. If this is not the case, the Issuer should consider including FX conversion provisions to convert the amount of paid-up equity capital (denominated in a different currency) into a Notes GCI Amount that is in the Base Currency.

audited] financial statements published on or prior to the relevant Assets-to-Equity Determination Date;

"**Principal Write-Down Event**" has the meaning given to it in Condition 7.1 (*Permanent Principal Write-Down*);

"**Record Date**" means, in respect of a payment of an amount (whether principal, interest or otherwise) due in respect of a Note, the 15th Business Day before the due date of such payment;

"**Reference Rate**" means, in respect of the Notes, any interest rate, index, benchmark or price source by reference to which any amount payable under the Notes is determined. To the extent that any interest rate, index, benchmark or price source referred to in a Replacement Reference Rate applies in respect of the Notes, it shall be a "Reference Rate" for the Notes from the day on which it first applies;

"**Reference Rate Cessation**" means, for a Reference Rate, the occurrence of one or more of the following events:

(a) a public statement or publication of information by or on behalf of the administrator of the Reference Rate announcing that it has ceased or will cease to provide the Reference Rate permanently or indefinitely, provided that, at the time of the statement or publication, there is no successor administrator that will continue to provide the Reference Rate; or

(b) a public statement or publication of information by the regulatory supervisor for the administrator of the Reference Rate, the central bank for the currency of the Reference Rate, an insolvency official with jurisdiction over the administrator for the Reference Rate, a resolution authority with jurisdiction over the administrator for the Reference Rate or a court or an entity with similar insolvency or resolution authority over the administrator for the Reference Rate, which states that the administrator of the Reference Rate has ceased or will cease to provide the Reference Rate permanently or indefinitely, provided that, at the time of the statement or publication, there is no successor administrator that will continue to provide the Reference Rate;

"**Reference Rate Event**" means, for a Reference Rate, the occurrence of one or more of the following events:

(a) a Reference Rate Cessation;

(b) an Administrator/Benchmark Event;

(c) a Reference Rate is, with respect to over-the-counter derivatives transactions which reference such Reference Rate, the subject of any market-wide development (which may be in the form of a protocol by the International Swaps and Derivatives Association) pursuant to which such Reference Rate is, on a specified date, replaced with a risk-free rate (or near risk-free rate) established in order to comply with the recommendations in the Financial Stability Board's paper titled "Reforming Major Interest Rate Benchmarks" dated 22 July 2014;

(d) in respect of a Reference Rate, a public statement or publication of information by the regulatory supervisor for the administrator of such Reference Rate announcing that (a) the regulatory supervisor has determined that such Reference Rate is no longer, or as of a specified future date will no longer be, representative of the underlying market and economic reality that such Reference Rate is intended to

measure and that representativeness will not be restored and (b) it is being made in the awareness that the statement or publication will engage certain contractual triggers for fallbacks activated by pre-cessation announcements by such supervisor (howsoever described) in contracts; or

(e) the definition, methodology or formula for a Reference Rate, or other means of calculating the Reference Rate, has materially changed or as of a specified future date will materially change;

"**Registrar**" means [the Issuer]; [22]

"**Replacement Reference Rate**" means, in respect of a Reference Rate, an interest rate, benchmark or other price source agreed between the Issuer and the Noteholders to be a commercially reasonable alternative for such Reference Rate;

"**Reset Date**" means each date falling on the 5th anniversary, and each subsequent 5th anniversary, of the Issue Date;

"**Reset Determination Date**" means the 2nd Business Day prior to the applicable Reset Date;

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

"**Reset Reference Rate**" means the prevailing CMT Rate on the Reset Determination Date;

"Security" means a mortgage, charge, pledge, lien or other security interest securing any obligation of any person or any other agreement or arrangement having a similar effect;

"**Specified Denomination**" means USD [●];

"**Total Assets**" means the total assets of the Issuer as shown in the balance sheet of the Issuer contained in its latest [annual audited] financial statements published on or prior to the relevant Assets-to-Equity Determination Date;

"**U.S. Treasury Securities**" means securities that are direct obligations of the U.S. Treasury, issued other than on a discount rate basis;

"**Write-Down Cancelled Interest Payment**" has the meaning given to it in Condition 7.2 (*Permanent Principal Write-Down*); and

"**Write-Down Interest Cancellation**" has the meaning given to it in Condition 7.2 (*Permanent Principal Write-Down*).

1.2 Construction:

1.2.1 These Conditions shall be construed and interpreted in accordance with the principles of construction and interpretation set out in Clause 1.2.1 (*Construction*) of the Note Issuance Deed and, unless a contrary indication appears, any reference in these Conditions to:

(i) any party (howsoever referred to) includes its successors in title, permitted assigns and permitted transferees, unless the context otherwise requires;

(ii) principal and interest shall be construed in accordance with the Conditions; and

[22] Drafting note: If the Issuer appoints a third party as the Registrar, parties should consider consequential changes to the Notes to cater for the introduction of the third party.

(iii) a time of day is a reference to [London]/[New York]/[Beijing]/[_____][23] time.

1.2.2 Headings shall be ignored in construing the Conditions and the Notes.

1.2.3 All notices to be given by any party and all other communications and documentation which are in any way relevant to the Notes shall be in the English language.

2 Form, Denomination, Title and Status

2.1 Form and denomination:

2.1.1 The Issuer shall issue Notes on the Issue Date in registered form, represented by Certificates and in the Specified Denomination.

2.1.2 Each Certificate will be numbered serially with an identifying number which will be recorded on the relevant Certificate and in the Register which is kept by the Registrar.

2.1.3 For the avoidance of doubt, the Certificates are not exchangeable for any other form. In addition, the Notes may not be transferred pursuant to Condition 8.1 (*Restriction on Transfer*) and no transfer or exchange provisions shall apply to the Certificates.

2.1.4 Unless otherwise required by a Noteholder and agreed by the Issuer, the holder of any Notes shall be entitled to receive only one Certificate in respect of his or her holding.

2.1.5 All Notes shall have the same Specified Denomination.

2.2 **Title:** Without prejudice to Condition 8.1 (*Restriction on Transfer*), title to any Notes shall pass by registration in the Register. Except as ordered by a court of competent jurisdiction or as required by law, the person in whose name a Note is registered in the Register shall be deemed to be and may be treated as its absolute owner for all purposes whether or not it is overdue and regardless of any notice of ownership, trust or an interest in it, any writing on the Certificate representing it or the theft or loss of such Certificate and no person shall be liable for so treating the holder and in these Conditions, the terms "**Noteholder**" and "**holder**" shall be construed accordingly.

2.3 **Status:** The Notes are constituted by the Note Issuance Deed and are not the obligations of any government. The obligations deriving from the Notes will constitute direct, unsecured and unconditional obligations of the Issuer and will rank:

2.3.1 *pari passu* without any preference among themselves and with all Deeply Subordinated Hybrid Obligations;

2.3.2 subordinated in right of payment to the repayment in full of all Senior Obligations; and

2.3.3 senior only to Junior Obligations.

For these purposes:

"**Junior Obligations**" means the Issuer's authorised capital stock of paid-up shares;[24]

[23] Drafting note: Insert as appropriate, as agreed between the Issuer and Noteholders.

[24] Drafting note: The Issuer should consider aligning terminology with their charter.

"**Deeply Subordinated Hybrid Obligations**" means any deeply subordinated hybrid obligations of the Issuer that rank or by their terms are expressed to rank *pari passu* in right of payment with the Notes; and

"**Senior Obligations**" means all senior and unsubordinated, secured and unsecured obligations of the Issuer, present and future, other than any Junior Obligations and Deeply Subordinated Hybrid Obligations.

2.4 **Accounting Treatment**: The Notes are accounted for by the Issuer as equity.

2.5 **No Negative Pledge**: There will be no negative pledge in respect of the Notes.

2.6 **Not a Member Country Obligation**: The Notes are not obligations of any present or future Member Country or of any governmental agency or body thereof or therein.

For this purpose:

"**Member Countries**" are: [●] (each a "**Member Country**").

3 Interest

3.1 **Interest**: Each Note shall bear interest at the Applicable Rate which shall accrue from day to day (on the basis of a [360] day year) on the outstanding principal amount of each Note from, and including, the date determined by the Issuer as being the date on which it received all Subscription Amounts in full to, but excluding, the earlier of:

(i) the Early Redemption Date;

(ii) if the Note forms part of the GCI Relevant Notes and redeems following a GCI Event, the corresponding GCI Optional Redemption Date; and

(iii) the occurrence of a Principal Write-down Event (if applicable),

subject in all cases to cessation of interest accrual pursuant to Condition 3.6 (*Accrual of Interest*) and interest cancellation pursuant to Condition 3.3 (*Mandatory Interest Cancellation*), Condition 3.4 (*Discretionary Interest Cancellation*) and Condition 7 (*Permanent Principal Write-Down*).[25]

For the avoidance of doubt, no interest shall accrue or be payable in respect of any Note until the Issuer has received the relevant Subscription Amount from each corresponding Noteholder in full.[26]

3.2 **Interest Payment**:

3.2.1 Interest accrued in respect of each Interest Period shall be calculated by the Issuer and shall be payable in arrear on each Interest Payment Date.

3.2.2 The Issuer shall, as soon as is reasonably practicable on each Interest Determination Date:

[25] Drafting note: Calculation of interest is undertaken by the Issuer. Should the Issuer require interest determination by a third party (such as a calculation agent), additional provisions relating to appointment and scope of role will need to be included in documentation.

[26] Drafting note: The Issuer should consider whether interest on a Note should accrue from the Issue Date or only from the date on which the Subscription Amounts are paid in. The current drafting assumes that the Notes will only accrue interest once all Subscription Amounts have been paid in. However, this may be amended to the extent parties wish to stagger the interest commencement date so that it applies differently for each Noteholder (based on the date the corresponding Subscription Amount is paid in).

(i) determine the Applicable Rate and calculate the Interest Amounts in respect of the Notes for the relevant Interest Period and Interest Payment Date; and

(ii) cause such Applicable Rate and the Interest Amounts for each Interest Period and the relevant Interest Payment Date to be notified to the Noteholders as soon as possible after its determination.

3.2.3 The interest payable in respect of any Note for an Interest Period shall be the Interest Amount for such Note and shall be subject to a minimum of zero.

3.2.4 The Reset Reference Rate for each Reset Period shall be determined by the Issuer on the Reset Determination Date.

3.2.5 For the avoidance of doubt, where accrued but unpaid interest has been included in the calculation of the Early Redemption Amount or the GCI Optional Redemption Amount in respect of a Note, there shall be no double-counting and no separate payment in respect of the same interest.

3.2.6 Subject to Condition 3.2.5 above, the interest payable on an Interest Payment Date which is a GCI Optional Redemption Date shall be payable in respect of all Notes and not only the GCI Relevant Notes. The remainder of outstanding Notes following a GCI Optional Redemption Date shall continue to accrue interest in accordance with these Conditions.

3.3 Mandatory Interest Cancellation

3.3.1 Upon the occurrence of an Interest Cancellation Event, the Issuer shall cancel any accrued and unpaid interest which is otherwise due on the Interest Payment Date immediately following the relevant Assets-to-Equity Determination Date, and on any subsequent Interest Payment Date, for so long as that Interest Cancellation Event is continuing (any such interest, a "**Mandatory Cancelled Interest Payment**" and such cancellation of interest, a "**Mandatory Interest Cancellation**"). The Issuer shall, as soon as reasonably practicable following the occurrence of an Interest Cancellation Event, notify the Noteholders of such occurrence.

For the avoidance of doubt:

(i) any accrued and unpaid interest forming part of the Early Redemption Amount or a GCI Optional Redemption Amount shall be cancelled in accordance with this Condition 3.3 (*Mandatory Interest Cancellation*); and

(ii) a failure to notify Noteholders of the occurrence of an Interest Cancellation Event shall not invalidate such Interest Cancellation Event or the corresponding cancellation of interest.

3.3.2 The non-payment of any Mandatory Cancelled Interest Payment on an Interest Payment Date resulting from a Mandatory Interest Cancellation shall not constitute a default or any other breach by the Issuer of its obligations under the Notes or for any other purpose.

Interest which would be due and payable on the Interest Payment Date following the occurrence of such Interest Cancellation Event pursuant to Condition 3.3.1 (*Mandatory Interest Cancellation*) is cancelled immediately upon the occurrence of such Interest Cancellation Event (rather than on such Interest Payment Date) such that immediately following the occurrence of such Interest Cancellation Event, (i) any

interest which had accrued but is unpaid from, and including, the start of the Interest Period to, but excluding, the date of the Interest Cancellation Event, shall be retrospectively cancelled; and (ii) any interest which would have accrued from, and including, the date of the Interest Cancellation Event to, and including, the last day of the Interest Period, shall be deemed zero. Noteholders shall have no rights to, or claim against the Issuer with respect to, such cancelled interest (or part thereof) or to receive any additional interest or compensation as a result of a Mandatory Interest Cancellation.

For the avoidance of doubt, in the event an Interest Cancellation Event occurs (or is continuing) in an Interest Period and is subsequently cured on the next Assets-to-Equity Determination Date within the same Interest Period, interest for the immediately following Interest Payment Date shall remain cancelled and shall not be payable.[27]

3.3.3 The Issuer's right to cancel interest pursuant to this Condition 3.3 (*Mandatory Interest Cancellation*) following an Interest Cancellation Event subsists until the date the relevant Notes are redeemed or written down (being the earlier of (i) an Issuer Call Early Redemption Date; (ii) a Bilateral Election Early Redemption Date; (iii) in respect of GCI Relevant Notes, the corresponding GCI Optional Redemption Date for such GCI Relevant Notes and (iv) the occurrence of a Principal Write-Down Event). For the avoidance of doubt, such right to cancel interest shall not be extinguished or waived solely as a result of the delivery of an Issuer Call Early Redemption Notice, a Bilateral Election Early Redemption Notice or, in respect of GCI Relevant Notes, the exercise of the GCI Noteholder Option relating to such GCI Relevant Notes.[28]

3.3.4 For the purposes of this Condition 3.3:

"**Interest Cancellation Event**" means determination by the Issuer on an Assets-to-Equity Determination Date, acting in its sole and absolute discretion, that the ratio of Total Assets to Paid-up Capital and Reserves exceeds [7.5] to [1.0], in which case an Interest Cancellation Event is deemed to be continuing from, and including, such Assets-to-Equity Determination Date to, but excluding, the next Assets-to-Equity Determination Date on which the ratio of Total Assets to Paid-up Capital and Reserves is not more than [7.5] to [1.0][29];

3.4 Discretionary Interest Cancellation

3.4.1 On any date following the Issue Date, the Issuer may elect, at its sole and absolute discretion and for any reason, to cancel (in whole or in part) any accrued and unpaid interest which is otherwise due on an Interest Payment Date (any such interest, a "**Discretionary Cancelled Interest Payment**" and such cancellation of interest, a "**Discretionary Interest Cancellation**"). The Issuer shall, as soon as reasonably practicable following its election to make a Discretionary Interest Cancellation, notify the Noteholders of such election.

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[27] Drafting note: Where the Assets-to-Equity Determination Date runs on a different cycle to the Interest Payment Dates, the Issuer should consider retaining this language (or equivalent) to clarify the consequences of the Interest Cancellation Event occurring and being cured within the same Interest Period.

[28] Drafting note: This should be amended to the extent Parties wish to fix the redemption amount at the point an early redemption notice is delivered (or, in the case of GCI Relevant Notes, at the point the GCI Noteholder Option is exercised).

[29] Drafting note: The Issuer to consider if the ratio requires calibration for its circumstances.

For the avoidance of doubt:

(i) the Issuer may elect to cancel any accrued and unpaid interest forming part of the Early Redemption Amount or a GCI Optional Redemption Amount;

(ii) the Issuer is not required to make a Discretionary Interest Cancellation election in writing; and

(iii) a failure to notify Noteholders of the Issuer's election to make a Discretionary Interest Cancellation shall not invalidate such election or the corresponding cancellation of interest.

3.4.2 The non-payment of any Discretionary Cancelled Interest Payment on an Interest Payment Date resulting from a Discretionary Interest Cancellation shall not constitute a default or any other breach by the Issuer of its obligations under the Notes or for any other purpose.

Interest which would be due and payable on the Interest Payment Date following an election to make a Discretionary Interest Cancellation pursuant to Condition 3.4.1 (*Discretionary Interest Cancellation*) is cancelled immediately upon such election being made by the Issuer (rather than on such Interest Payment Date) such that immediately following such election, (i) any interest which had accrued but is unpaid from, and including, the start of the Interest Period to, but excluding, the date of the Issuer's election to make a Discretionary Interest Cancellation, shall be retrospectively cancelled; and (ii) any interest which would have accrued from, and including, the date of the Issuer's election to make a Discretionary Interest Cancellation to, and including, the last day of the Interest Period, shall be deemed zero. Noteholders shall have no rights to, or claim against the Issuer with respect to, such cancelled interest (or part thereof) or to receive any additional interest or compensation as a result of a Discretionary Interest Cancellation.

3.4.3 If the Issuer does not make payment of interest (in whole or in part, including any interest forming part of the Early Redemption Amount or a GCI Optional Redemption Amount) on an Interest Payment Date, such non-payment shall evidence the cancellation of such interest payment (or relevant part thereof).

3.4.4 The Issuer's right to cancel interest pursuant to this Condition 3.4 following an election to make a Discretionary Interest Cancellation subsists until the date the relevant Notes are redeemed or written down (being the earlier of (i) an Issuer Call Early Redemption Date; (ii) a Bilateral Election Early Redemption Date; (iii) in respect of GCI Relevant Notes, the corresponding GCI Optional Redemption Date for such GCI Relevant Notes and (iv) the occurrence of a Principal Write-Down Event). For the avoidance of doubt, such right to cancel interest shall not be extinguished or waived solely as a result of the delivery of an Issuer Call Early Redemption Notice, a Bilateral Election Early Redemption Notice or, in respect of GCI Relevant Notes, the exercise of the GCI Noteholder Option relating to such GCI Relevant Notes.[30]

3.5 Issuer undertaking in relation to interest cancellation

If, on any Interest Payment Date, the corresponding payment of interest is not made as a result of a Mandatory Interest Cancellation pursuant to Condition 3.3 (*Mandatory Interest*

[30] Drafting note: This should be amended to the extent Parties wish to fix the redemption amount at the point an early redemption notice is delivered (or, in the case of GCI Relevant Notes, at the point the GCI Noteholder Option is exercised).

Cancellation) or a Discretionary Interest Cancellation pursuant to Condition 3.4 (*Discretionary Interest Cancellation*), the Issuer undertakes not to make any further Member Discretionary Payments until the scheduled interest payment in respect of any subsequent Interest Payment Date is made in full (without any cancellation in full or in part pursuant to these Conditions).

For this purpose:

"**Member Discretionary Payments**" means any payment or other distribution made by the Issuer to any of its members pursuant to its [constitutional documents].

3.6 Accrual of Interest

3.6.1 Pursuant to:

(i) Condition 4.2 (*Redemption following an Issuer Call*), interest shall cease to accrue on each Note on the Issuer Call Early Redemption Date;

(ii) Condition 4.3 (*Redemption following Bilateral Election Early Redemption*), interest shall cease to accrue on each Note on the Bilateral Election Early Redemption Date or, in the case of a Noteholder Default or a Non-Payment Breach by a Noteholder, the date of such Default, as applicable;

(iii) Condition 4.4 (*Redemption following a GCI Noteholder Option*), interest shall cease to accrue on each Note comprising the GCI Relevant Notes on the GCI Optional Redemption Date; and

(iv) Condition 7 (*Permanent Principal Write-Down*), interest shall cease to accrue on each Note upon the occurrence of a Principal Write-Down Event.

3.6.2 If, upon due presentation, payment of the full amount of principal and/or interest due on such due date for redemption is improperly withheld or refused, interest will not accrue on the unpaid amount of principal and/or interest.

3.7 Rounding

For the purposes of any calculations required pursuant to the Conditions, all amounts that fall due and payable shall be rounded, if necessary, to the nearest unit of such currency (with one half of the lowest unit of the currency being rounded up, for example, USD0.005 being rounded to USD0.01). For these purposes, "unit" means the lowest amount of such currency that is available as legal tender in the country(ies) of such currency (e.g. one cent or one pence).

4 Redemption

4.1 No Final Redemption

Subject to the provisions for early redemption of the Notes set out in this Condition 4 (*Redemption*) and the provisions for permanent write-down of the Notes set out in Condition 7 (*Permanent Principal Write-Down*), the Notes are undated securities with no specified maturity date.

4.2 Redemption following an Issuer Call

4.2.1 The Issuer may, at its sole and absolute discretion, deliver an irrevocable notice of early redemption to the Noteholders no earlier than the [30]th Business Day and no later than the [10]th Business Day prior to the Business Day specified for redemption

in such notice (such date the "**Issuer Call Early Redemption Date**" and such notice, the "**Issuer Call Early Redemption Notice**") to redeem all (but not only some) of the outstanding Notes on the Issuer Call Early Redemption Date and each outstanding Note shall become due and payable on the related Early Redemption Date at its Early Redemption Amount, provided that (i) the specified Issuer Call Early Redemption Date is a Business Day falling within the Issuer Call Period in respect of an Issuer Call Reset Date and (ii) the Issuer determines pursuant to Condition 4.5 (*Capital Conditions to Redemption*) that the Capital Adequacy Conditions have been met (the Issuer's exercise of such option to early redeem all the Notes, an "**Issuer Call Option**").

4.2.2 Interest shall cease to accrue on the aggregate outstanding principal amount of the Notes from, and including, the Issuer Call Early Redemption Date.

4.2.3 If the Issuer determines that the Capital Adequacy Conditions have not been met following the delivery of an Issuer Call Early Redemption Notice, the Notes shall not redeem and such Issuer Call Early Redemption Notice shall lapse without liability (and for the avoidance of doubt, the Notes shall continue to be governed by the Conditions).

4.3 Redemption following Bilateral Election Early Redemption

4.3.1 If a Bilateral Election Early Redemption occurs pursuant to Condition 5.3.2(i) (*Additional Consequences following Reference Rate Event or Default*), then provided the Issuer determines pursuant to Condition 4.5 (*Capital Conditions to Redemption*) that the Capital Adequacy Conditions have been met, the Issuer shall deliver an irrevocable notice of early redemption of the Notes by the [5th] Business Day prior to the Business Day specified for redemption in such notice, such date the "**Bilateral Election Early Redemption Date**" and such notice, the "**Bilateral Election Early Redemption Notice**"), and the Issuer shall redeem all (but not some only) of the Notes on the Bilateral Election Early Redemption Date and each Note shall become due and payable on the related Early Redemption Date at its Early Redemption Amount [(save that if a Bilateral Election Early Redemption Date occurred as a result of a Noteholder Default, no amounts under the Notes shall be payable to the defaulting Noteholder but the Early Redemption Amount shall remain payable to a non-defaulting Noteholder (if any) in respect of their portion of the Notes)][31].

4.3.2 Interest shall cease to accrue on the aggregate outstanding principal amount of the Notes from, and including, (i) in the case of a Reference Rate Event, an Issuer Default, a Non-Payment Breach by the Issuer or a Change in Accounting Treatment, the Bilateral Election Early Redemption Date and (ii) in the case of a Noteholder Default or a Non-Payment Breach by a Noteholder, the date of such Default. Notwithstanding anything to the contrary, the Early Redemption Amount in respect of a Note payable to a Noteholder shall be zero until receipt by the Issuer of the corresponding Subscription Amount from such Noteholder.

4.4 Redemption following a GCI Noteholder Option

[31] Drafting note: The drafting in brackets assumes that the Notes come down if there is one or more defaulting Noteholders (in respect of their Subscription Amount). The Issuer should consider revisions to this provision if the Notes continue but on a smaller notional.

4.4.1 A Notes GCI Event may occur at any time on or following the Issue Date, provided that the relevant Noteholder in respect of such Notes GCI Event has paid to the Issuer an amount equal to its respective Subscription Amount in full on a Subscription Payment Date.

If more than one Noteholder contributes paid-up equity capital to the Issuer as part of a Notes General Capital Increase, a separate Notes GCI Event shall occur in respect of each Noteholder.[32]

4.4.2 If a Notes GCI Event occurs, the relevant Noteholder contributing paid-up equity capital in respect of such Notes GCI Event may, by written notice to the Issuer (copied to the Registrar) on or prior to the GCI Optional Redemption Date, exercise its option to redeem (such option, a "**GCI Noteholder Option**") a number of its Notes (such Notes, the "**GCI Relevant Notes**") in full on the GCI Optional Redemption Date, provided that the aggregate outstanding principal amount of the GCI Relevant Notes on the GCI Optional Redemption Date (the "**Notes GCI Reduction Amount**") (x) does not exceed that Noteholder's Notes GCI Amount and (y) is subject to a minimum of zero.

For the avoidance of doubt:

(i) such Noteholder may elect not to redeem any of its Notes;

(ii) the redemption in full of the GCI Relevant Notes, once effected pursuant to these Conditions, shall result in the aggregate outstanding principal amount of the Notes being reduced on the GCI Optional Redemption Date by an amount equal to the Notes GCI Reduction Amount accordingly; and

(iii) the Notes GCI Amount and the GCI Optional Redemption Date shall each be determined by the Issuer.

4.4.3 To exercise such option, the Noteholder exercising a GCI Noteholder Option must deposit its Certificate representing the GCI Relevant Notes with the Issuer at its headquarters on or prior to the corresponding GCI Optional Redemption Date. No Certificate so deposited and option exercised may be withdrawn without the prior consent of the Issuer.

4.4.4 The Issuer shall, in respect of a Notes GCI Event and following the exercise of the corresponding GCI Noteholder Option, redeem each Note comprising the GCI Relevant Notes in whole and each such Note shall become due and payable on such GCI Optional Redemption Date at its GCI Optional Redemption Amount.

In addition, interest shall cease to accrue on the GCI Relevant Notes from, and including, the corresponding GCI Optional Redemption Date.

For the avoidance of doubt, (i) no drawing of Notes shall be required in the case of a redemption of GCI Relevant Notes and accordingly, the GCI Post-Redemption Notice (as defined below) shall not be required to contain the serial numbers of the GCI Relevant Notes drawn following the exercise of a GCI Noteholder Option and (ii) the Notes comprising the GCI Relevant Notes are each redeemed in full and there

[32] Drafting note: If multiple Noteholders contribute paid-up equity capital to the Issuer as part of a Notes General Capital Increase, a Notes GCI Event occurs in respect of each Noteholder. This is because the Notes GCI Date (being the date the paid-up equity capital is fully paid and received) may differ for each Noteholder.

shall be no partial reduction of the outstanding principal amount of any remaining Notes which are not redeemed.

4.4.5 In the case of an exercise of a GCI Noteholder Option in respect of a holding of GCI Relevant Notes represented by a single Certificate and resulting in a redemption of some (but not all) of the Notes held by the exercising Noteholder, a new Certificate shall be issued to that Noteholder (x) to reflect the exercise of such GCI Noteholder Option and (y) which represents the remaining Notes held by that Noteholder following the GCI Optional Redemption Date. New Certificates shall only be issued against surrender of the existing Certificate(s) to the Registrar.

Each new Certificate to be issued pursuant to this Condition 4.4.5 will be available for delivery within [five] Business Days of receipt of such surrender of the existing Certificate for exchange. Delivery of new Certificate(s) shall be made at the specified office or headquarters of the Registrar to whom surrender of the existing Certificate shall have been made or, at the option of the Noteholder making such surrender and as specified in writing, shall be mailed at the risk of the Noteholder entitled to the new Certificate to such address as may be so specified.

Such exchange following the exercise of a GCI Noteholder Option will be effected without charge by or on behalf of the Issuer or the Registrar.

4.4.6 For the avoidance of doubt, the only Notes which shall be redeemed in respect of a GCI Noteholder Option shall be the relevant GCI Relevant Notes held by the Noteholder exercising such GCI Noteholder Option and Notes held by any other Noteholder shall be unaffected.

4.4.7 As soon as reasonably practicable following a GCI Optional Redemption Date and in any event, on or prior to the [5th] Business Day following the relevant GCI Optional Redemption Date, the Issuer shall deliver a notice to the Noteholders confirming the following (such notice, the "**GCI Post-Redemption Notice**"):[33]

(i) the occurrence of the Notes GCI Event;

(ii) the Noteholder contributing paid-up equity capital in respect of such Notes GCI Event;

(iii) the Notes GCI Amount of such Noteholder;

(iv) the Notes GCI Reduction Amount of such Noteholder (if any);

(v) the GCI Optional Redemption Date;

(vi) the GCI Optional Redemption Amount for each Note;

(vii) the revised outstanding principal amount of Notes held by such Noteholder as of the GCI Optional Redemption Date, if such Noteholder exercises its option to reduce its holding of Notes pursuant to Condition 4.4.2 above; and

[33] Drafting note: It is a design choice for the notice of redemption following a Notes GCI Event to be delivered following redemption of the GCI Relevant Notes, to match the timing of a GCI Notice under the Facility (which is delivered following the reduction on a GCI Date). There are details to be specified in the GCI Post-Redemption Notice which can only be determined following redemption – to the extent parties wish for Noteholders to be notified prior to redemption, this may be amended.

(viii) the revised aggregate outstanding principal amount of the Notes as of the GCI Optional Redemption Date, if such Noteholder exercises its option to reduce its holding of Notes pursuant to Condition 4.4.2 above.

4.4.8 Failure to deliver a GCI Post-Redemption Notice pursuant to Condition 4.4.7 above shall not invalidate the exercise of a GCI Noteholder Option or the corresponding redemption of the GCI Relevant Notes on the GCI Optional Redemption Date.

4.4.9 For the avoidance of doubt, a Notes GCI Event and the corresponding GCI Optional Redemption Date shall not occur until the contribution of paid-up equity capital to the Issuer in respect of the relevant Notes General Capital Increase has been paid (in full) by the relevant Noteholder and received (in full) by the Issuer.

4.4.10 If, on the GCI Optional Redemption Date, the GCI Relevant Notes represent the relevant Noteholder's entire holding of Notes as at that date, then following payment by the Issuer of the GCI Optional Redemption Amount in respect of each Note comprising the GCI Relevant Notes, that Noteholder shall thereupon cease to be a Noteholder and the Issuer shall be released and discharged from all further obligations to that Noteholder in respect of the GCI Relevant Notes. In particular, the GCI Optional Redemption Amount shall be the only amount payable in respect of each Note comprising the GCI Relevant Notes and there will be no separate payment of any unpaid accrued interest thereon.

4.4.11 On the GCI Optional Redemption Date, the Registrar shall update the Register to reflect the redemption of some (or all) of the Notes pursuant to the corresponding GCI Noteholder Option and the remaining Notes held by each Noteholder from such date (if any). Such updating of the Register will be effected without charge by or on behalf of the Issuer or the Registrar.

4.4.12 If:

(i) the Notes GCI Reduction Amount is less than the aggregate outstanding principal amount of the Notes, any remaining Notes not redeemed shall continue to be governed by the Conditions, and interest shall continue to accrue in respect of such remaining Notes in accordance with the Conditions; and

(ii) the Notes GCI Reduction Amount is equal to the aggregate outstanding principal amount of the Notes, all Notes shall redeem in full on the relevant GCI Optional Redemption Date.

4.4.13 The obligation to provide a GCI Post-Redemption Notice pursuant to Condition 4.4.7 shall survive the full redemption of the Notes.

4.4.14 A Notes GCI Event may occur on more than one occasion, subject to Condition 4.4.1. Each Notes GCI Event shall be treated separately for the purposes of this Condition 4.4.

4.5 Capital Conditions to Redemption

4.5.1 Notwithstanding any other provision of these Conditions, the relevant Notes shall only be redeemed pursuant to an Issuer Call Option or following a Bilateral Election Early Redemption if the Issuer determines in its sole and absolute discretion that:

(i) immediately before and after giving effect to the corresponding redemption of Notes on such date, the Issuer is, and would remain, well capitalised relative to the minimum capital requirements and buffers specified in its Risk Appetite Framework; and

(ii) on or prior to the corresponding Issuer Call Early Redemption Date or Bilateral Election Early Redemption Date, the Notes to be redeemed have been, or will be, replaced with capital which the Issuer determines as being of the same or higher quality than the redeeming Notes, such capital in an amount at least equal to the aggregate outstanding principal amount of the Notes so redeemed,

(the "**Capital Adequacy Conditions**").

4.5.2 The Issuer shall determine whether or not the Capital Adequacy Conditions have been met in respect of a redemption of the Notes as soon as reasonably practicable following an Issuer Call Option or a Bilateral Election Early Redemption and in any case, prior to the corresponding Issuer Call Early Redemption Date or Bilateral Election Early Redemption Date.

5 Bilateral Election Early Redemption Events

5.1 Default

5.1.1 Each of the following events shall constitute a "**Default**" for the purposes of these Conditions:

(i) a Noteholder has failed to pay its respective Subscription Amount in full on a Subscription Payment Date on or prior to the Subscription Payment Longstop Date in accordance with the Facility Agreement and Note Issuance Deed (a "**Noteholder Default**");

(ii) default is made by the Issuer for more than [14] calendar days in the payment of any interest and/or principal in respect of the Notes when due and payable, other than where such failure to pay interest is a result of a Mandatory Interest Cancellation, Discretionary Interest Cancellation or a Write-Down Interest Cancellation (an "**Issuer Default**");

(iii) a breach of any other obligation (other than a Noteholder Default or an Issuer Default) under the Notes by (a) the Issuer which is materially prejudicial to the interests of any Noteholder, or (b) a Noteholder which is materially prejudicial to the interests of the Issuer (a "**Non-Payment Breach**"); or

(iv) the representation at Condition 2.4 (*Accounting Treatment*) ceases to be accurate (a "**Change in Accounting Treatment**").

5.1.2 Following the occurrence of a Default:

(i) the Notes shall not be subject to early redemption as a result of or in connection with such Default;

(ii) in the case of a Noteholder Default, the Issuer shall notify its shareholders that a Noteholder Default has occurred, setting out the nature of the Noteholder Default and identifying the defaulting party;

(iii) in the case of a Noteholder Default or an Issuer Default, and without prejudice to the notification in sub-paragraph (ii) which shall occur in parallel in respect of a Noteholder Default, the Issuer and all Noteholders shall enter into a period of discussion from, and including, the date of such Noteholder Default or Issuer Default (as applicable) to, but excluding the [60th] following Business Day (or such shorter period as agreed between the Issuer and the Noteholders), with a view to agreeing alternative arrangements to remedy, cure or waive such Noteholder Default or Issuer Default (as applicable);

(iv) in the case of a Non-Payment Breach, the Issuer and the Noteholders shall enter into a period of discussion from, and including, the date of such Non-Payment Breach to, but excluding the [60th] following Business Day (or such shorter period as agreed between the Issuer and the Noteholders), with a view to agreeing alternative arrangements to remedy, cure or waive such Non-Payment Breach; and

(v) in the case of a Change in Accounting Treatment, the Issuer and the Noteholders shall enter into a period of discussion from, and including, the date of such Change in Accounting Treatment to, but excluding the [60th] following Business Day (or such shorter period as agreed between the Issuer and the Noteholders), with a view to agreeing alternative arrangements to remedy, cure or waive the consequences of such Change in Accounting Treatment.

5.2 Occurrence of a Reference Rate Event

Upon the occurrence of a Reference Rate Event (as determined by the Issuer in its sole and absolute discretion):

5.2.1 subject to Condition 5.2.5 below, the Notes shall not be subject to early redemption as a result of, or in connection with, such Reference Rate Event;

5.2.2 the Issuer shall, as soon as reasonably practicable, deliver a notice to the Noteholders setting out a description in reasonable detail of the facts relevant to its determination that a Reference Rate Event has occurred;

5.2.3 following notification by the Issuer to the Noteholders of such Reference Rate Event, the Issuer and the Noteholders shall enter into a period of discussion from, and including, such date of notification of the Reference Rate Event to, but excluding, the [60th] following Business Day (or such shorter period as agreed between the Issuer and the Noteholders), with a view to agreeing:

(i) (w) a Replacement Reference Rate; (x) an Adjustment Spread; (y) any other adjustments to the Conditions which are necessary or appropriate in order to account for the effect of the replacement of the Reference Rate with the Replacement Reference Rate (as adjusted by the Adjustment Spread) and/or to preserve as closely as practicable the economic equivalence of the Notes before and after the replacement of the Reference Rate with the Replacement Reference Rate (as adjusted by the Adjustment Spread) (the amendments required to the Conditions to reflect (w) to (y) together, the "**Replacement Reference Rate Amendments**"), and (z) the timing for when such Replacement Reference Rate Amendments will become effective in relation to the Notes (the "**RRE Effective Date**"); or

(ii) that no Replacement Reference Rate, Adjustment Spread or other adjustments to the Notes are required as a result of such Reference Rate Event;

5.2.4 if the Issuer and the Noteholders agree Replacement Reference Rate Amendments pursuant to Condition 5.2.3 above, then with effect from the RRE Effective Date, the terms of the Notes shall, without further consent from the Noteholders, be amended so that references to the Reference Rate are replaced by references to the Replacement Reference Rate as adjusted by the Adjustment Spread (provided that the Replacement Reference Rate, after application of the Adjustment Spread, may not be less than zero) and the Issuer shall apply the Adjustment Spread to the Replacement Reference Rate and shall make the relevant Replacement Reference Rate Amendments; and

5.2.5 if, following the occurrence of a Reference Rate Event but prior to (i) any replacement or amendment having become agreed and effective pursuant to Conditions 5.2.3 and 5.2.4 or (ii) a Bilateral Election Early Redemption having been made in respect of such Reference Rate Event, the relevant Reference Rate is required for any determination in respect of the Notes, the Issuer and the Noteholders shall discuss in good faith with a view of finding a solution for such event.

5.3 Additional Consequences following Reference Rate Event or Default

5.3.1 For the avoidance of doubt, save as expressly set out in the Conditions and in Condition 5.3.2(i), no Reference Rate Event, Default or any other breach of obligations under the Notes shall give rise to an early redemption of the Notes.

5.3.2 Nothing in this Condition 5 shall preclude:

(i) the Issuer and all Noteholders from unanimously agreeing in writing at any time following a Reference Rate Event or Default (as applicable), that all (but not some only) of the Notes shall be early redeemed (a "**Bilateral Election Early Redemption**"); and

(ii) in respect of a Default or any other breach of obligations under the Notes, a Noteholder or the Issuer (in each case, where it is the non-defaulting party) from instituting proceedings against the defaulting party as a result of a failure to perform, observe or comply with any obligation, condition or provision relating to the Notes binding on it.

5.3.3 For the avoidance of doubt, following the occurrence of a Reference Rate Event, the Issuer and all Noteholders may unanimously agree to a Bilateral Election Early Redemption pursuant to Condition 5.3.2(i) in (but not limited to) the circumstances where the Issuer and the Noteholders:

(i) fail to agree Replacement Reference Rate Amendments pursuant to Condition 5.2.3;

(ii) fail to agree that no Replacement Reference Rate, Adjustment Spread or other adjustments to the Notes are required, pursuant to Condition 5.2.3(ii); or

(iii) fail to agree pursuant to Condition 5.2.3, due to the Issuer or the Noteholders' determination that it is not possible or commercially reasonable to identify a

Replacement Reference Rate, calculate an Adjustment Spread or determine adjustments under Condition 5.2.3(i)(y).

6 Calculation and Payments

6.1 Calculations

6.1.1 The Issuer shall calculate each Interest Amount, the Early Redemption Amount (if applicable) and each GCI Optional Redemption Amount (if applicable) and, without duplication with any other Condition, cause such Early Redemption Amount and GCI Optional Redemption Amount (as applicable) to be notified to the Noteholders as soon as possible after its determination.

6.1.2 The Issuer shall calculate its Total Assets and its Paid-up Capital and Reserves on each Assets-to-Equity Determination Date.

6.1.3 The determination of any rate or amount by the Issuer shall (in the absence of manifest error) be final, conclusive and binding upon all Noteholders and all other parties.

6.2 Payments on redemption and interest

6.2.1 Payment of principal (which shall include accrued but unpaid interest comprising part of each GCI Optional Redemption Amount and the Early Redemption Amount) in respect of the Notes will be made against presentation and (when no further payment is due in respect of the Notes represented by the Certificate) surrender of the relevant Certificate(s) at the specified office or headquarters of the Registrar.

6.2.2 Payment of amounts (whether principal, interest or otherwise) due in respect of each Note shall be paid on the relevant due date to the person that is shown in the Register as at the close of business on the Record Date as the holder of such Note.

6.2.3 In respect of each Note, payment will be made in USD on the relevant due date by transfer to the Designated Account that is shown in the Register on the [5th] Business Day prior to the relevant payment date, in respect of the person identified pursuant to Condition 6.2.2.

6.3 Account Details of Noteholders

Each Noteholder shall provide details of its designated account with a bank that processes payments in US dollars (the "**Designated Account**") to the Issuer and the Registrar for recording on the Register within [●] Business Days of the Issue Date. A Noteholder may, from time to time, update its Designated Account details by giving written notice to the Issuer and the Registrar, and upon receipt of such notice the Registrar shall update the Register to record the updated Designated Account details as soon as reasonably practicable and in any case, by no later than the [4th] Business Day following the date of such notice.

Neither the Issuer nor the Registrar shall be liable to any Noteholder for any payment made to an account recorded in the Register where such account details are incorrect and the relevant Noteholder has failed to give notice to update its Designated Account details in accordance with this Condition 6.3 by the [10th] Business Day prior to the date on which such payment falls due.

7 Permanent Principal Write-Down

7.1 If:

7.1.1 a call is made by the Issuer on its callable capital in accordance with its [constitutional documents] in order to meet its obligations incurred on borrowing of funds for inclusion in its ordinary capital resources or guarantees chargeable to such resources; or

7.1.2 the Issuer determines, acting in its sole and absolute discretion and on an Assets-to-Equity Determination Date, that the ratio of Total Assets to Paid-up Capital and Reserves exceeds [16.0] to [1.0],

(in each case, a "**Principal Write-Down Event**"), the Issuer shall, as soon as reasonably practicable following the occurrence of a Principal Write-Down Event, notify the Noteholders of such occurrence.

7.2 Immediately upon the occurrence of a Principal Write-Down Event, the Issuer shall:

7.2.1 cancel any accrued and unpaid interest in respect of all Notes (such interest, a "**Write-Down Cancelled Interest Payment**" and such cancellation of interest, a "**Write-Down Interest Cancellation**") and no further interest shall accrue or be due and payable on the Notes at any time thereafter; and

7.2.2 permanently reduce the outstanding principal amount of all Notes to zero and such outstanding principal amount shall, accordingly, equal zero at all times thereafter.

Upon the occurrence of a Principal Write-Down Event, Noteholders shall have no rights to, or claim against the Issuer with respect to, the payment of any principal, interest or other amount (including any accrued but unpaid amounts) on or in respect of the Notes, or to receive any additional interest or compensation as a result of a Principal Write-Down Event, and the Issuer shall have no further obligations under the Notes.

7.3 Interest which would be due and payable on the Interest Payment Date following the occurrence of a Principal Write-Down Event is cancelled immediately upon the occurrence of such Principal Write-Down Event such that immediately following the occurrence of such Principal Write-Down Event, (i) any interest which had accrued but is unpaid from, and including, the start of the Interest Period to, but excluding, the date of the Principal Write-Down Event, shall be retrospectively cancelled; and (ii) any interest which would have accrued from, and including, the date of the Principal Write-Down Event shall be deemed to be zero.

7.4 A failure to notify Noteholders of the occurrence of such Principal Write-Down Event shall not invalidate such Principal Write-Down Event or the corresponding cancellation of interest and write-down of principal.

7.5 The non-payment of any Write-Down Cancelled Interest Payment resulting from a Write-Down Interest Cancellation shall not constitute a default or any other breach by the Issuer of its obligations under the Notes or for any other purpose.

8 Transfers

8.1 Restriction on Transfer

No Noteholder shall, directly or indirectly:

8.1.1 transfer, sell, assign or otherwise dispose of the legal or beneficial ownership of any Note or any interest in any Note;

8.1.2 declare or create any trust over or in respect of any Note or any interest in any Note;

8.1.3 create or permit to subsist any Security over any Note or any interest in any Note;

8.1.4 enter into any participation, sub-participation or other arrangement (whether disclosed or undisclosed) pursuant to which any other person acquires or will acquire any economic or beneficial interest in, or assumes any risk in relation to, any Note; or

8.1.5 agree (whether conditionally or unconditionally) to do any of the foregoing.

Any action purported to be taken in breach of this Condition 8.1 shall be void and of no effect.

8.2 No Registration of Transfer

The Issuer and the Registrar shall not be obliged to, and shall not, recognise or give effect to any transfer, assignment, encumbrance or other dealing in or over any Note purported to be made in breach of this Condition 8, and the Register shall not be updated to reflect any such purported dealing. The relevant original Noteholder shall remain the registered holder of the relevant Notes for all purposes under these Conditions and the Note Issuance Deed notwithstanding any purported dealing in breach of this Condition 8.

9 Prescription

Claims in respect of principal and interest will become void within a period of 10 years in the case of principal and five years in the case of interest from the date on which payment in respect thereof first becomes due.

10 Governing Law and Jurisdiction

10.1 Governing Law

The Note Issuance Deed (including the Conditions) and the Notes and any non-contractual obligations arising out of or in connection with them shall be governed by English law.

10.2 Jurisdiction

10.2.1 All the parties irrevocably agree that the courts of England are to have exclusive jurisdiction to settle any disputes which may arise out of or in connection with the Note Issuance Deed (including the Conditions) and the Notes (including a dispute relating to the existence, validity or termination of the Note Issuance Deed and the Notes, or any non-contractual obligation arising out of or in connection with the Note Issuance Deed and the Notes) and that accordingly any action or proceedings arising out of or in connection with the Note Issuance Deed (including the Conditions) and the Notes shall be brought in such courts.

10.2.2 All the parties irrevocably submit to the jurisdiction of the courts of England and waive any objection to proceedings in any such court on the ground of venue or on the ground that the proceedings have been brought in an inconvenient forum.

11 Listing and Rating

The Notes (i) are not listed on any stock exchange and (ii) are not rated, including by any CRA[34].

12 Modifications and Waivers

12.1 Without prejudice to Condition 12.2 below, the provisions for the Issuer to convene a meeting with the Noteholders to consider any matter affecting their interests including the sanctioning of a modification of the Notes (which includes, for the avoidance of doubt, the Conditions) are set out in Clause 12 (*Noteholder Decision-making*) of the Note Issuance Deed.

12.2 Any amendment or waiver of any Conditions of the Notes which is of a formal, minor or technical nature shall not require the consent of any Noteholder.

[34] Drafting note: The Issuer should be aware that although inclusion of a rating is not a necessary feature for the structure, this does not preclude the need for a transaction-specific CRA review of the structure to ensure CRA Recognition of the Facility and the treatment of the issued Notes as equity. Where the expected Noteholders are shareholder government(s), it may not be necessary to have a rating. Alternatively, if the Noteholders require a rating, the Issuer should consider including language to attempt to obtain a rating on a best efforts basis with S&P or Moody's.

Schedule 2
Form of Certificate

[*Name of Issuer*]

USD [●] Hybrid Perpetual Subordinated Callable Notes

CERTIFICATE

Certificate no. [●]

Dated: [●]

This Certificate certifies that [NAME OF NOTEHOLDER] (the "**Registered Holder**") is, as at the date of this Certificate, entered in the Register as the registered holder of U.S.$ [AMOUNT][35] out of U.S.$ [AMOUNT] [36] (being the aggregate principal amount still outstanding) of the Notes referred to above (the "**Notes**") of [●] (the "**Issuer**"). The Notes are subject to the terms and conditions (the "**Conditions**") endorsed hereon (as supplemented and/or modified and/or superseded by the provisions of this Certificate which shall in the event of conflict prevail) and are issued subject to, and with the benefit of, the note issuance deed dated [●] executed by the Issuer and the Noteholders (the "**Note Issuance Deed**"). Expressions defined in the Conditions and the Note Issuance Deed shall have the same meanings in this Certificate.

Subject to Conditions 3 (*Interest*), 4 (*Redemption*) and 7 (*Permanent Principal Write-Down*), the Issuer, for value received, hereby promises to pay to such holder of the Notes represented by this Certificate on presentation and (when no further payment is due in respect of the Notes represented by this Certificate) surrender hereof on such date as the Early Redemption Amount and/or a GCI Optional Redemption Amount (as applicable) may become repayable in accordance with the Conditions and to pay interest from the date determined by the Issuer as being the date on which it received all Subscription Amounts in full , in arrear at the rates, in the amounts and on the dates for payment provided for in the Conditions together with such other sums and additional amounts (if any) as may be payable under the Conditions, all in accordance with the Conditions.

For the purposes of this Certificate:

(a) the holder of the Notes represented by this Certificate is bound by the provisions of the Note Issuance Deed;

(b) the Issuer certifies that the Registered Holder is, as at the date of this Certificate, entered in the Register as the holder of the Notes represented by this Certificate;

(c) this Certificate is evidence of entitlement only;

(d) title to the Notes represented by this Certificate passes only on due registration on the Register; and

(e) only the Registered Holder is entitled to payments in respect of the Notes represented by this Certificate.

This Certificate shall not be valid for any purpose until authenticated by or on behalf of the Registrar.

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[35] Drafting note: Insert an amount equal to the number of Notes held by the Noteholder to which this Certificate relates multiplied by the Specified Denomination.

[36] Drafting note: Insert an amount equal to the number of Notes still outstanding multiplied by the Specified Denomination.

This Certificate and any non-contractual obligations arising out of or in connection with it shall be governed by English law.

As witness whereof the Issuer has caused this Certificate to be signed on its behalf.

[●]
By:

……..
Authorised Signatory

CERTIFICATE OF AUTHENTICATION

AUTHENTICATED for and on behalf of

[●]

as Registrar

By:

Authorised Signatory

For the purposes of authentication only.

Without recourse, warranty or liability.

On the back:

Terms and Conditions of the Notes

[The Conditions shall be set out here.]