

## FINAL TERMS

31 March 2006

Kaupthing Bank hf.

**Issue of EUR 3,000,000.00 Variable Redemption Amount Notes due April 2014  
under the €12,000,000,000  
Euro Medium Term Note Programme**

### PART A - CONTRACTUAL TERMS

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions set forth in the Base Prospectus dated 2nd September, 2005 which constitutes a base prospectus for the purposes of the Prospectus Directive (Directive 2003/71/EC) (the **Prospectus Directive**). This document constitutes the Final Terms of the Notes described herein for the purposes of Article 5.4 of the Prospectus Directive and must be read in conjunction with the Base Prospectus. Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Base Prospectus. The Base Prospectus is available for viewing at the office of the Issuer at Borgartun 19, 105 Reykjavik, Iceland and on the Luxembourg Stock Exchange's website ([www.bourse.lu](http://www.bourse.lu)) and copies may be obtained from the Principal Paying Agent at Winchester House, 1 Great Winchester Street, London EC2N 2DB.

1.	Issuer:	Kaupthing Bank hf.
2.	(i) Series Number:	36
	(ii) Tranche Number:	1
3.	Specified Currency or Currencies:	Euro ("EUR")
4.	Aggregate Nominal Amount:	
	(i) Series:	EUR 3,000,000.00
	(ii) Tranche:	EUR 3,000,000.00
5.	Issue Price:	100 per cent of the Aggregate Nominal Amount
6.	Specified Denominations:	EUR 1,000.00
7.	(i) Issue Date:	31 March 2006
	(ii) Interest Commencement Date:	Not Applicable
8.	Maturity Date:	11 April 2014
9.	Interest Basis:	Not Applicable
10.	Redemption/Payment Basis:	Other (see Appendix)
11.	Change of Interest Basis or Redemption/ Payment Basis:	Not Applicable

- |     |   |                |
|-----|---|----------------|
| 12. | Put/Call Options:                                       | Not Applicable |
| 13. | (a) Status of the Notes:                                | Senior         |
|     | (b) Date Board approval for issuance of Notes obtained: | Not Applicable |
| 14. | Method of distribution:                                 | Non-syndicated |

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

- |     |  |                |
|-----|--|----------------|
| 15. | Fixed Rate Note Provisions             | Not Applicable |
| 16. | Floating Rate Note Provisions          | Not Applicable |
| 17. | Zero Coupon Note Provisions            | Not Applicable |
| 18. | Index Linked Interest Note Provisions  | Not Applicable |
| 19. | Dual Currency Interest Note Provisions | Not Applicable |
| 20. | Target Redemption Note Provisions:     | Not Applicable |
| 21. | Range Accrual Note Provisions:         | Not Applicable |

**PROVISIONS RELATING TO REDEMPTION**

- |     |                                      |                |
|-----|--------------------------------------|----------------|
| 22. | Issuer Call                          | Not Applicable |
| 23. | Investor Put                         | Not Applicable |
| 24. | Target Redemption Note Provisions:   | Not Applicable |
| 25. | Final Redemption Amount of each Note | see Appendix   |

26. Early Redemption Amount(s) of each Note payable on redemption for taxation reasons or on event of default and/or the method of calculating the same (if required or if different from that set out in Condition 7(f)):

In the case of an early redemption of the Note for taxation reasons or on an Event of Default, the Calculation Agent will determine in consultation with the Issuer (on such basis as it, in its absolute discretion, considers fair and reasonable in the circumstances) the Early Redemption Amount payable for the Note as the fair market value which the Note would have had on the date fixed for early redemption if the taxation reasons or the Event of Default had not occurred less, in case of early redemption for taxation reasons, the reasonable cost to the Issuer of unwinding any related hedging arrangements, all as calculated by the Calculation Agent and as agreed with the Issuer.

- |     |                           |                |
|-----|---------------------------|----------------|
| 27. | Capital Notes Provisions: | Not Applicable |
|-----|---------------------------|----------------|

## GENERAL PROVISIONS APPLICABLE TO THE NOTES

28. Form of Notes: Temporary Global Note exchangeable for a Permanent Global Note which is exchangeable for Definitive Notes only upon an Exchange Event
29. Additional Financial Centre(s) or other special provisions relating to Payment Dates: London and TARGET
30. Talons for future Coupons or Receipts to be attached to Definitive Notes (and dates on which such Talons mature): No
31. Details relating to Partly Paid Notes: amount of each payment comprising the Issue Price and date on which each payment is to be made and, consequences (if any) of failure to pay, including any right of the Issuer to forfeit the Notes and interest due on late payment: Not Applicable
32. Details relating to Instalment Notes:
- (i) Instalment Amount(s): Not Applicable
- (ii) Instalment Date(s): Not Applicable
33. Redenomination applicable: Redenomination not applicable
34. Other final terms: Minimum trading size of EUR 10,000.00 and multiples of EUR 1,000.00 thereafter

## DISTRIBUTION

35. (i) If syndicated, names and addresses of Managers and underwriting commitments: Not Applicable
- (ii) Date of Subscription Agreement: Not Applicable
- (iii) Stabilising Manager (if any): Not Applicable
36. If non-syndicated, name and address of relevant Dealer: Exane S.A.  
16, avenue Matignon – 75008 Paris
37. Total commission and concession: Not Applicable
38. Whether TEFRA D or TEFRA C rules applicable or TEFRA rules not applicable: TEFRA D
39. Additional selling restrictions: Not Applicable

## LISTING AND ADMISSION TO TRADING APPLICATION

These Final Terms comprise the final terms required to list and have admitted to trading the issue of the Notes described herein pursuant to the € 12,000,000,000 Euro Medium Term Note Programme of Kaupthing Bank hf.

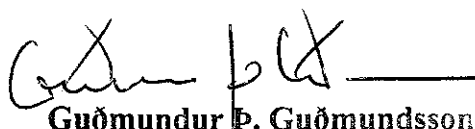
## RESPONSIBILITY

The Issuer accepts responsibility for the information contained in these Final Terms. The Issuer confirms that such information has been accurately reproduced and that, so far as it is aware and is able to ascertain from information published, no facts have been omitted which would render the reproduced information inaccurate or misleading.

Signed on behalf of the Issuer:

By:

  
Duly authorised

  
**Guðmundur P. Guðmundsson**  
*Managing Director*  
Treasury Kaupthing Bank Iceland

## **PART B – OTHER INFORMATION**

### **1. LISTING**

- (i) Listing: Luxembourg
- (ii) Admission to trading: Application has been made for the Notes to be admitted to trading on the Luxembourg Stock Exchange with effect from 31 March 2006
- (iii) Estimate of total expenses related to admission to trading: Not Applicable

### **2. RATINGS**

Ratings: The Notes to be issued have not been rated

### **3. NOTIFICATION**

Not Applicable

### **4. INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE**

Save for any fees payable to the Dealers, so far as the Issuer is aware, no person involved in the issue of the Notes has an interest material to the offer.

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

- (i) Reasons for the Offer: For general corporate purposes
- (ii) Estimated net proceeds: EUR 3,000,000.00
- (iii) Estimated total expenses: Not Applicable

### **6. YIELD**

Indication of yield: Not Applicable

### **7. HISTORIC INTEREST RATES**

Not Applicable

### **8. PERFORMANCE OF INDEX/FORMULA, EXPLANATION OF EFFECT ON VALUE OF INVESTMENT AND ASSOCIATED RISKS AND OTHER INFORMATION CONCERNING THE UNDERLYING**

Not Applicable

**9. PERFORMANCE OF RATE[S] OF EXCHANGE AND EXPLANATION OF EFFECT ON VALUE OF INVESTMENT**

Not Applicable

**10. OPERATIONAL INFORMATION**

(i) ISIN Code: XS0242953205

(ii) Common Code: 024295320

(iii) Any clearing system(s) other than Euroclear Bank S.A./N.V. and Clearstream Banking, société anonyme and the relevant identification number(s): Not Applicable

(iv) Delivery: Delivery against

(v) Names and addresses of additional Paying Agent(s) (if any): Not Applicable

## APPENDIX

(This Appendix forms part of these Final Terms to which it is attached)

### I. FINAL REDEMPTION AMOUNT

Unless previously redeemed or purchased and cancelled, as provided in these Final Terms, the Final Redemption Amount upon redemption of each Note on the Maturity Date shall be an amount in EUR calculated by the Calculation Agent as follows:

$$\text{Nominal} \times \left\{ 100\% + 75\% \times \text{Max} \left[ 0 ; \frac{\text{Basket}_{\text{Final}} \times (1 - \text{Fee})^8 - \text{Basket}_{\text{initial}}}{\text{Basket}_{\text{initial}}} \right] \right\}$$

Where:

“**Basket<sub>Final</sub>**” means  $\sum_{k=1}^9 W_k(\text{Share}_{(k,f)} \text{ or } \text{Index}_{(k,f)})$

“**Basket<sub>initial</sub>**” means  $\sum_{k=1}^9 W_k(\text{Share}_{(k,0)} \text{ or } \text{Index}_{(k,0)})$

And:

“**Index<sub>(k,f)</sub>**” means the official Closing Level of the Index(k) on Valuation Date;

“**Share<sub>(k,f)</sub>**” means the Net Asset Value of the Share(k) on Valuation Date;

“**Index<sub>(k,0)</sub>**” means the official Closing Level of the Index(k) on Initial Valuation Date(i);

“**Share<sub>(k,0)</sub>**” means the arithmetic average of the Net Asset Value of the Share(k) on each Initial Valuation Date(i);

“**Fee**” means the yearly Basket structuring fee and is equal to 1%.

### II. DEFINITIONS

Where, unless the context otherwise requires, the following defined terms beginning by a capital letter shall have the meanings set forth below:

**"Basket(k)"** means, in respect of the figure "k" put into brackets, with  $1 \leq k \leq 9$ , a basket described as follows:

(k)	Share(k)/Index(k)	Wk
1	Richelieu France	15.00%
2	CAC 40 Index	15.00%
3	Invesco Actions Europe E	12.50%
4	DJ Eurostoxx 50 Index	12.50%
5	SGAM Fund Eq US Relative Val AH	10.00%
6	S&P 500 Index	10.00%
7	Axa Japan Actions C	7.50%
8	Nikkei 225 Index	7.50%
9	Carmignac Emergents	10.00%

**"Calculation Agent"** means Exane SA;

**"Closing Level"** means, in respect of:

- (a) the relevant Share(k), the official closing price of such Share(k) quoted by the Exchange at the Valuation Time on the relevant Exchange Business Day; or
- (b) the relevant Index(k), the official closing price of such Index(k) as calculated and announced by the Sponsor(k), as of the Valuation Time;

**"Delisting"** means, in respect of any Share(k), that the relevant Exchange announces that pursuant to the rules of such Exchange, the relevant Unit cease (or will cease) to be listed, traded or publicly quoted on the Exchange for any reason (other than a Merger Event or take-over) and are not immediately re-listed, re-traded or re-quoted on an exchange or quotation system located in the same country as the Exchange (or, where the Exchange is within the European Union, in any member state of the European Union);

**"Exchange"** means, in respect of:

- (a) any Share(k), the relevant principal stock exchange or quotation system on which such Share(k) is traded, or any successor to such exchange or quotation system or any substitute exchange or quotation system to which trading in any Share(k) has temporarily relocated (provided that the Calculation Agent has determined that there is comparable liquidity relative to such Share(k) on such temporary substitute exchange or quotation system as on the original Exchange); and
- (b) any Index(k), the principal stock exchanges on which the securities which comprise each Index(k) are traded.

**"Exchange Disruption"** means any event that disrupts or impairs (as determined by the Calculation Agent) the ability of market participants in general (x) to effect transactions in, or obtain NAV for, the relevant Share(k), or (y) to effect transactions in, or obtain market values for, futures or options contracts relating to such Share(k);

**"Index(k)"** means, in respect of the figure "k" put into brackets with  $1 \leq k \leq 4$ , the relevant indices as set out in table below:

(k)	Index	Bloomberg Code	Sponsor
1	CAC 40	CAC	Euronext Paris SA
2	DJ Eurostoxx 50	SX5E	Stoxx Limited
3	S&P 500	SPX	Standard & Poors's New York Exchange
4	Nikkei 225	NKY	Nihon Keizai Shimbun, Inc

**"Index<sub>(k,0)</sub>"** means in respect of the figure "k" put into brackets, with  $1 \leq k \leq 4$ , the official Closing Price of the Index(k) on each Initial Fixing Date(i).

**"Index Business Day"** means, with respect to the Index(k), any day that is (or, but for the occurrence of a Market Disruption Event, would have been) a day on which the relevant Sponsor calculates and publishes the official Closing Level of the Index(k) and a trading day on the



Exchange and any Related Exchange, other than a day on which trading on the Exchange or any Related Exchange is scheduled to close prior to its regular weekday closing time.

**"Index Level"** means, with respect to the Valuation Date (subject to adjustment as set out below in relation to the occurrence of a Market Disruption Event) the official closing price of the relevant Index(k) as calculated and disseminated by the relevant Sponsor(k) on such date as of the Valuation Time.

**"Initial Fixing Date(i)"** means, with respect to the Index(k) or the Share(k), each Friday, between 1 March 2006 and 31 March 2006 (both dates included) or the next following Trading Day for the Share(k) or Index(k) if such day is not a Trading Day for the Share(k) or Index(k).

**"Insolvency"** means that by reason of the voluntary or involuntary liquidation, bankruptcy, insolvency, dissolution or winding-up of or any analogous proceedings affecting the relevant Share(k) (x) all the Units of such Share(k) are required to be transferred to a trustee, liquidator or other similar official or (y) holders of the Units of the Share(k) become legally prohibited from transferring them;

**"Market Disruption Event"** means in respect of:

- (a) the relevant Share(k), the occurrence or existence of an Exchange Disruption, which the Calculation Agent determines is material, at any time during the one hour period that ends the relevant Valuation Time;
- (b) means the occurrence or existence, as determined by the Calculation Agent, on any Index Business Day during the one-half hour period that ends at the Valuation Time of any suspension of or limitation imposed on trading (by reason of movements in price exceeding the intra-day price movement limits permitted by the relevant exchange or otherwise) or any other suspension or limitation on trading on (i) the Exchange(s) in securities that comprise 20 per cent or more of the level of the Index(k) or (ii) in futures or options contracts on the Index on any Related Exchange if, in any such case such suspension or limitation is, in the determination of the Calculation Agent, material.  
For the purpose of determining whether a Market Disruption Event exists at any time, if trading in a security included in the Index(k) is suspended or limited at that time, then the relevant percentage contribution of that security to the level of such Index(k) shall be based on a comparison of (i) the portion of the level of the Index(k) attributable to that security relative to (ii) the overall level of the related Index(k), in each case immediately before that suspension or limitation

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

**"Merger Event"** means, in respect of the relevant Unit any (i) reclassification or change of such Unit that results in a transfer of or an irrevocable commitment to transfer all of such Units outstanding, to another entity or person, (ii) consolidation, amalgamation, merger or binding unit exchange of the relevant Share(k) with or into another entity or person (other than a consolidation, amalgamation, merger or binding unit exchange in which such Share(k) is the continuing entity and which does not result in a reclassification or change of all such Units outstanding), (iii) takeover offer, tender offer, exchange offer, solicitation, proposal or other event by any entity or person to purchase or otherwise obtain 100% of the outstanding Units of the relevant Share(k) that results in a transfer of or an irrevocable commitment to transfer all such Units (other than such Units owned or controlled by such other entity or person), or (iv) consolidation, amalgamation, merger or binding unit exchange of the Share(k) or its subsidiaries with or into another entity in which such Share(k) is the continuing entity and which does not result in a reclassification or change of all such Units outstanding but results in the outstanding Units (other than Units owned or controlled by such other entity) immediately prior to such event collectively representing less than 50% of the outstanding Units immediately following such event (a "Reverse Merger"), in each case if the Merger Date is on or before the Valuation Date;

**"Net Asset Value"** or **"NAV"** means the net asset value of the relevant Share(k) on which subscription and redemption orders would be executed;

**"Notional"** means EUR1,000.00 (one Specified Denomination);

**"Potential Adjustment Event"** means any of the following event in each case if effective on or before the Valuation Date:

- (1) a subdivision, consolidation or reclassification of the Unit (unless resulting in a Merger Event Unit;
- (2) in respect of the relevant Share(k), an event that results in any unitholder rights being distributed or becoming separated from unit of the relevant Share(k) pursuant to a unitholder rights plan or arrangement directed against hostile takeovers that provides upon the occurrence of certain events for a distribution of preferred stock, warrants, debt instruments or stock rights at a price below their market value, as determined by the Calculation Agent, provided that any adjustment effected as a result of such an event shall be readjusted upon any redemption of such rights; or
- (3) any other event that may have a diluting or concentrative effect on the theoretical value of the Unit.

**"Related Exchange"** means, in respect of:

- (a) any Share(k), each relevant exchange or quotation system on which such Share(k) is traded, any successor to such exchange or quotation system or any substitute exchange or quotation system to which trading in futures or options contracts relating to such Share(k) has temporarily relocated (provided that the Calculation Agent has determined that there is comparable liquidity relative to the futures or options contracts relating to such Share(k) on such temporary substitute exchange or quotation system as on the original Related Exchange); or
- (b) any Index(k), any exchange or quotation systems on which futures contracts and/or options contracts on the relevant Index(k) are traded.

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

**"Scheduled Trading Day"** means in respect of each relevant Share(k), any day on which each relevant Exchange and each Related Exchange are scheduled to be open for trading for their respective regular trading sessions

**"Share(k)"** means in respect of the figure "k" put into brackets, with  $1 \leq k \leq 5$ , the relevant shares in mutual funds subject to adjustment from time to time in accordance with the adjustments provisions set out in provision III.(1.1) of the Appendix (Methods for making certain adjustments on undertakings for collective investment scheme (CIS)) as set out in the table below:

(k)	Share	Bloomberg Code	ISIN Code
1	Richelieu France	RFRI FRA FP	FR0007373469
2	Invesco Actions Europe E	INVAEUR FP	FR0010135871
3	SGAM Fund Eq US Relative Val AH	SGLEUAH LX	LU0168042744
4	Axa Japan Actions C	AXAJAPA FP	FR0000436479
5	Carmignac Emergents	CAREMER FP	FR0010149302

**"Share<sub>(k,0)</sub>"** means in respect of the figure "k" put into brackets, with  $1 \leq k \leq 5$ , the arithmetic average of the Net Asset Value of the Share(k) on each Initial Fixing Date(i).

**"Sponsor(k)"** means the party calculating and publishing the Index(k) which are defined in the table above, or any successor thereto.

**"Substitute Share"** means a share which is not the Share(k) and which have the same characteristics than such Share(k) in the opinion of the Calculation Agent (classification, fund objective, investment style or any other factor judged relevant by the Calculation Agent and for

which the calculation method and periodicity of the NAV is found to be satisfactory by the Calculation Agent);

**"Trading Day"** means, in respect of each relevant Index(k), any day that is a trading day on the Exchange, other than a day on which the trading session is scheduled to close earlier than the normal closing of said Exchange in exceptional or temporary cases;

**"Unit(s)"** means in respect of the relevant Share(k) the units of such Share(k);

**"Valuation Date"** means 31 March 2014.

**"Valuation Time"** means:

- (a) in relation to each relevant Share(k), the Scheduled Closing Time on the relevant Exchange on Valuation Date; or
- (b) in relation to each relevant Index(k), the time with reference to which the Sponsor calculates and publishes the closing level on the relevant Index(k) on each Index Business Day.

### III. ADJUSTMENT APPLICABLE TO THE NOTES

#### (1) Principles applicable to the Shares

If certain events defined below affecting the value of any Share(k) (an **"Event"**) occur, the Issuer shall, subject to the agreement of the Calculation Agent, have the option to:

- (i) decide to pay an amount at the Maturity Date determined by the Calculation Agent, which represents the fair market value of the Notes at maturity and that has the effect of preserving for the holder of that Note the economic equivalent of the obligation of the Issuer to make payment of the Redemption Amount in respect of such Note; or
- (ii) to continue to execute its obligations in respect of the Notes, subject to the adjustments deemed necessary by the Calculation Agent using (at his choice) one of the following methods:
  - (a) using the method used by the Related Exchange (if applicable), or any other competent authority;
  - (b) using the methods described in paragraphs III.(2) hereinafter;

it being, however, understood that if the Calculation Agent determines that the adjustments decided by the competent authorities described in sub-paragraph (a) above and/or the adjustments made using the methods described in paragraphs III.(2) hereinafter, are technically difficult to implement or inappropriate, it must make all other adjustments that it deems necessary.

Outstanding Notes, for which the Effective Date of the Event is simultaneous with or prior to the Valuation Date, may be adjusted as described in the Conditions below.

#### 1.1 Methods for making certain adjustments on undertakings for collective investment scheme ("CIS")

If the foregoing Condition III.(1)(ii)(b) applies, the Calculation Agent must make the following adjustments to the relevant Share(k) (so that these adjustment take effect as soon as possible after the Event) :

- (i) Group or division of Units

In the case of a group or division of Units of any Share(k), the new Quantity of Units ("Q1") will be calculated using the following formula:

$$Q1 = Q \times \frac{\text{number of Units after the Event}}{\text{number of Units before the the Event}}$$

where "Q" is equal to the Quantity of Units before adjustment;

"number of Units" means the number of Units of the relevant Share(k).

(ii) Merger

In the case of the merger of any Share(k) with another CIS, or absorption by another CIS (the "**New CIS**") (other than a merger in which the relevant CIS would be the surviving entity), the Issuer may, subject to the request and the agreement of the Calculation Agent, substitute as this instruments underlying the Notes the New OPC resulting from this merger or surviving the merger;

(iii) De-merger

In case any Share(k) is split, the Issuer shall have the option, subject to the request and the agreement of the Calculation Agent, to substitute the Share(k) with the composite of the New CIS resulting from the de-merger as the elements underlying the Notes or substitute such Share(k) with the Substitute.

(iv) Subscription or Redemption fees

If any Share(k) applies Subscription or Redemption fees that are higher than the maximum Subscription fees ("**Maximum Subscription Fees**") and the maximum Redemption fees ("**Minimum Redemption Fees**") respectively, the Issuer may, subject to the request and the agreement of the Calculation Agent, substitute such Share(k) with the Substitute,

Where Maximum Subscription Fees and Minimum Redemption Fees mean 0.

(v) Withdrawal or suspension of the CIS approval by the regulatory authority

If the regulatory authority withdraws or suspends the approval given to any Share(k), the Issuer may, subject to the request and the agreement of the Calculation Agent, substitute such Share(k) with the Substitute.

(vi) Suspension of subscriptions or redemptions

If a suspension of subscriptions or redemptions occurs and continues for more than 15 Business Days, the Issuer may, subject to the request and the agreement of the Calculation Agent, substitute such Share(k) with the Substitute.

(vii) Change in the management company

In the case of a change of the management company, the Issuer shall have the option, subject to the request and the agreement of the Calculation Agent, to continue to honour its obligations in respect of the Notes in accordance with the Conditions or to substitute such Share(k) with the Substitute.

(viii) Change in the management objectives of the CIS

In the case of a change in the management objectives of any Share(k) which results in a significant increase in the level of risk, the Issuer shall have the option, subject to the request and the agreement of the Calculation Agent, to continue to honour its obligations in respect of the Notes in accordance with the Conditions or to substitute such Share(k) with the Substitute.

(ix) Other events

In the case of other events similar to the foregoing events which affect the value of the Units of any Share(k), the Issuer shall have the option, subject to the request and the agreement of the Calculation Agent, to continue to honour its obligations in respect of the Notes in accordance with the Conditions, or to substitute such Share(k) with the Substitute.

## **1.2 Adjustment Notices**

The Calculation Agent must notify Note Holders of any change made to the conditions of the Notes pursuant to this Condition as soon as possible, and any payment shall be made as soon as possible.

## **(2) Principles applicable to the Index**

### **2.1 Adjustment to the Index**

- (i) If the Index(k) is (a) not calculated and announced by the Sponsor but is calculated and announced by a successor sponsor acceptable to the Calculation Agent, or (b) replaced by a successor index using, in the determination of the Calculation Agent, the same or a substantially similar formula for and method of calculation as used in the calculation of the related Index(k), then the relevant Index will be deemed to be the index so calculated and announced by that successor sponsor or that successor index, as the case may be.
- (ii) If (a) on or prior to the Valuation Date, as the case may be, the Sponsor makes or announces that it will make a material change in the formula for or the method of calculating the Index(k) or in any other way materially modifies the relevant Index(k) (other than a modification prescribed in that formula or method to maintain the Index in the event of changes in constituent stock and capitalisation and other routine events) or permanently cancels such Index(k) and no successor to the relevant Index(k) exists or (b) on the Valuation Date, as the case may be, in the absence of a Market Disruption Event, the Sponsor fails to calculate and announce such Index(k), then the Calculation Agent shall calculate the Final Redemption Amount using in lieu of a published level for the relevant Index(k), the level of such Index(k) as at the Valuation Date in accordance with the formula for and method of calculating the relevant Index(k) last in effect prior to that change of failure but using only those securities that comprised the relevant Index(k) immediately prior to that change or failure (other than those securities that have since ceased to be listed on the Exchange).

### **2.2 Correction to the Index**

With the exception of any corrections published after the day which is five Index Business Days prior to the Maturity Date and the due date for early redemption of the Notes, if the level of the Index(k) published on a given day and used or to be used by the Calculation Agent to determine the Final Redemption Amount is subsequently corrected and the correction published by the relevant Index(k) Sponsor within thirty days of the original publication, the level to be used shall be the level of the relevant Index(k) as so corrected. Corrections published after the day which is five Index Business Days prior to the Maturity Date and the due date for early redemption of the Notes shall be disregarded by the Calculation Agent for the purposes of determining the Final Redemption Amount.

## **IV. MARKET DISRUPTION EVENT**

### **(1) Market Disruption relating to the Shares**

#### **1.1 Market Disruption Events**

A "**Market Disruption Event**" means the occurrence or the existence, during any Trading Day, of one of the following events that affect any Share(k) (the "**Affected Underlying Asset**"), during the half hour preceding the relevant Valuation Time:

- (i) the suspension or interruption in the publication of the Net Asset Value for any reason whatsoever; or
- (ii) the suspension or interruption in the creation or elimination of Units (subscriptions or redemptions) for any reason whatsoever;
- (iii) the suspension or limitation on trading in options or forward contracts involving the Affected Underlying Asset on the Related Exchange;

if the Calculation Agent believes, in any of these cases, that such a suspension or limitation is material.

For the purposes of this definition (1) a limitation on the hours and number of trading days shall not constitute a Market Disruption Event if such limitation is the result of a normal or temporary change in the usual business hours of the relevant Exchange and is announced in advance; and (2) a significant limitation on trading resulting from price fluctuations that exceed the limits authorised by the competent market authority shall constitute a Market Disruption Event.

#### **1.2 Consequences of a Market Disruption Event**

The Valuation Date of each Share(k) that is not affected by a Market Disruption Event shall be the Valuation Date initially designated.

The Valuation Date for the Affected Underlying Asset shall be the first following Trading Day during which there is no Market Disruption Event related to the Affected Underlying Asset. If such a Market Disruption Event occurs on each of the five Trading Days immediately following the initial date which (without a Market Disruption Event) should have been the relevant Valuation Date, (1) the fifth Trading Day shall be deemed the Valuation Date of the Affected Underlying Asset (notwithstanding the Market Disruption Event); and (2) the Calculation Agent shall determine the NAV for the Affected Underlying Asset, by using for each Unit affected, the fair market value that would have been reflected by the value of the Unit, in the absence of a Market Disruption Event, at the Valuation Time on such fifth Trading Day.

In determining the Redemption Amount, the Calculation Agent may take into consideration the market value of the various hedge financial instruments established by the Issuer in respect of the Notes, corrected for any losses or gains suffered or produced, as applicable, by the Issuer as a result of a Market Disruption Event.

#### **(2) Market Disruption relating to the Index**

##### **2.1 Consequences of a Market Disruption Event**

If, in the opinion of the Calculation Agent, a Market Disruption Event (as defined below) has occurred and is continuing on the Valuation Date, then that Valuation Date shall be postponed to the next following Index Business Day on which there is no such Market Disruption Event, provided however that in no event shall the Valuation Date be postponed beyond the third Index Business Day following such Valuation Date. If the Market Disruption Event is continuing on such third Index Business Day then such third Index Business Day shall be deemed to be the Valuation Date notwithstanding the Market Disruption Event and the Calculation Agent shall determine the Closing Level of the Index on such date in accordance with the formula for and method of calculating the Index last in effect prior to the commencement of the Market Disruption Event using the exchange traded price on the Exchange (or, if trading in the relevant security has been materially suspended or materially limited, its good faith estimate of

the price that would have prevailed on the Exchange but for the suspension or limitation) as of the Valuation Time on that date of each security comprised in the Index.

## 2.1 Consequences of a Market Disruption Event

**"Market Disruption Event"** means the occurrence or existence on any Index Business Day at any time during the one hour period that ends at the Valuation Time of any suspension of or limitation imposed on trading by the Exchange or Related Exchange (whether by reason of movements in price exceeding limits permitted by the Exchange or Related Exchange or otherwise) (a) on the Exchange in securities that comprise 20 per cent or more of the level of the Index, or (b) in options contracts or futures contracts on the relevant Index(k) on any Related Exchange if, in any such case, each suspension or limitation is, in the determination of the Calculation Agent, material. For the purpose of determining whether a Market Disruption Events exists at any time, if trading in a security included in the relevant Index(k) is materially suspended or materially limited at that time, then the relevant percentage contribution of that security to the level of the relevant Index(k) shall be based on a comparison of (x) the portion of the level of the Index attributable to that security relative to (y) the overall level of the Index(k), in each case immediately before that suspension or limitation.

### (3) Notices

The Calculation Agent shall notify the Issuer, as soon as possible, of the existence or occurrence of a Market Disruption Event on a date which, without the occurrence or existence of a Market Disruption Event, would have been the Valuation Date.

The Issuer shall notify Note Holders as soon as possible of the occurrence of a Market Disruption Event.

## V. RESPONSIBILITY

The calculations and determinations of the Calculation Agent shall be made in accordance with the Conditions (having regard in each case to the criteria stipulated herein and where relevant on the basis of information provided to or obtained by employees or officers of the Calculation Agent responsible for making the relevant calculation or determination) and shall, in the absence of bad faith or manifest error, be final, conclusive and binding on the Noteholders. Noteholders shall not be entitled to make any claim against the Calculation Agent or the Issuer in the case where public information related to the underlying contained any error, omission or other incorrect statement.

## VI. INFORMATION RELATING TO THE UNDERLYINGS

(k)	Share(k)/Index(k)	Bloomberg Code	Isin Code	Sponsor/ Managing Company
1	Richelieu France	RFRIFRA FP	FR0007373469	Richelieu Finance Gestion Privée
2	Invesco Actions Europe E	INVAEUR FP	FR0010135871	Invesco UK
3	SGAM Fund Eq US Relative Val AH	SGLEUAH LX	LU0168042744	SG AM Luxembourg
4	Axa Japan Actions C	AXAJAPA FP	FR0000436479	AXA IM
5	Carmignac Emergents	CAREMER FP	FR0010149302	Carmignac Gestion
6	CAC 40	CAC	Not Applicable	Euronext Paris
7	DJ Eurostoxx 50	SX5E	Not Applicable	Stoxx Limited
8	S&P 500	SPX	Not Applicable	Standard & Poor's New York Exchange
9	Nikkei 225	NKY	Not Applicable	Nihon Keizai Shimbun, Inc.

Further information about each of the Underlying can be found on the web site of the relevant Sponsor or managing company:

- [www.richelieufinance.fr](http://www.richelieufinance.fr)
- [www.invesco.fr](http://www.invesco.fr)
- [www.sgam.com](http://www.sgam.com)
- [www.axa-im.be](http://www.axa-im.be)
- [www.carmignac-gestion.fr](http://www.carmignac-gestion.fr)
- [www.euronext.com](http://www.euronext.com)

- [www.stoxx.com](http://www.stoxx.com)
- [www.standardandpoors.com/indices](http://www.standardandpoors.com/indices)
- [www.nni.nikkei.co.jp](http://www.nni.nikkei.co.jp)