IMPORTANT NOTICE

IMPORTANT: You must read the following before continuing. The following applies to the attached preliminary series prospectus (the “Series Prospectus”), and you are therefore advised to read this carefully before reading, accessing or making any other use of the Series Prospectus. By accepting this e-mail and accessing the Series Prospectus, you agree to be bound by the following terms and conditions, including any modifications to them any time you receive any information from International Finance Corporation (the “Issuer”) or the Placement Agents (as defined in the Series Prospectus) as a result of such access.

The information in the Series Prospectus is not complete and may be changed. Recipients of this Series Prospectus who intend to subscribe for or purchase the Notes (as defined below) are reminded that any subscription or purchase may only be made on the basis of the information contained in the Series Prospectus and the related term sheet.

NOTHING IN THIS ELECTRONIC TRANSMISSION CONSTITUTES AN OFFER OF SECURITIES FOR SALE IN ANY JURISDICTION WHERE IT IS UNLAWFUL TO DO SO. THE NOTES ARE NOT REQUIRED TO BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE “SECURITIES ACT”). ACCORDINGLY, NO REGISTRATION STATEMENT HAS BEEN FILED WITH THE U.S. SECURITIES AND EXCHANGE COMMISSION (THE “COMMISSION”). THE NOTES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE COMMISSION OR ANY STATE SECURITIES COMMISSION, NOR HAS THE COMMISSION OR ANY STATE SECURITIES COMMISSION PASSED UPON THE ACCURACY OR ADEQUACY OF THIS SERIES PROSPECTUS. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE IN THE UNITED STATES.

Confirmation of your Representation: By accepting the e-mail or accessing the Series Prospectus, you shall be deemed to have represented to the Issuer and the Placement Agents that you consent to delivery of the Series Prospectus by electronic transmission.

You are reminded that the Series Prospectus has been delivered to you or accessed by you on the basis that you are a person into whose possession the Series Prospectus may be lawfully delivered in accordance with the laws of the jurisdiction in which you are located. The materials relating to the offering do not constitute, and may not be used in connection with, an offer or solicitation in any place where offers or solicitations are not permitted by law.

The Series Prospectus has been sent to you or accessed by you in an electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of electronic transmission and consequently, none of the Issuer or the Placement Agents nor any person who controls any of them nor any director, officer, employee nor agent of any of them or affiliate of any such person accepts any liability or responsibility whatsoever in respect of any difference between the Series Prospectus distributed to you in electronic format and the hard copy version available to you on request from the initial purchasers. Please ensure that your copy is complete.

You are responsible for protecting against viruses and other destructive items. Your use of this e-mail is at your own risk, and it is your responsibility to take precautions to ensure that it is free from viruses and other items of a destructive nature.
International Finance Corporation

U.S.$152,000,000
1.546% Forests Bond due 2021 (the “Notes”)

Issue Price 100%

The Notes will accrue interest at the rate of 1.546% per annum. Subject as provided herein, accrued interest will be settled on each annual Interest Payment Date, commencing with the Interest Payment Date falling on November 4, 2017, in cash, or at the option of a Noteholder in respect of each of its Notes, by delivery of a number of eligible Verified Carbon Units (“VCUs”) that have been issued in accordance with the VCS Rules per Specified Denomination in respect of the Project for the Generation Period preceding such Interest Payment Date (all as defined herein).

Application has been made to the Financial Conduct Authority under Part IV of the Financial Services and Markets Act 2000 for the Notes to be admitted to the official list of the UK Listing Authority (the “Official List”) and to the London Stock Exchange plc (the “London Stock Exchange”) for the Notes to be admitted to trading on the regulated market of the London Stock Exchange (the “Regulated Market”). References in this Preliminary Series Prospectus to the Notes being “listed” (and all related references) shall mean that the Notes have been admitted to the Official List and to trading on the Regulated Market. The Regulated Market is a regulated market for the purposes of Directive 2004/39/EC of the European Parliament and of the Council on markets in financial instruments.

Unless previously redeemed, purchased or cancelled, the Notes will be redeemed at par on November 4, 2021. The Notes may only be redeemed in cash.

The Notes will be in registered form, represented by a single Global Registered Certificate (as defined herein), without interest coupons, which will be delivered on or prior to November 4, 2016 to a common depositary for Euroclear Bank S.A./N.V. (“Euroclear”) and Clearstream Banking, société anonyme (“Clearstream, Luxembourg”).

International Finance Corporation’s (the “Corporation”) Global Medium-Term Note Program (the “Program”) has been rated AAA by Standard & Poor’s Ratings Services, a division of The McGraw Hill Companies, Inc. (“S&P”) and Aaa by Moody’s Investors Service (“Moody’s”). The Notes have been rated AAA by S&P.

Placement Agents

BofA Merrill Lynch
BNP PARIBAS
J.P. Morgan
This preliminary series prospectus ("Series Prospectus") comprises neither a prospectus for the purposes of Part VI of the Financial Services and Markets Act 2000 (as amended) (the "FSMA"), a base prospectus for the purposes of Article 5.4 of Directive 2003/71/EC, as amended (the "Prospectus Directive"), nor listing particulars given in compliance with the listing rules made under Part VI of the FSMA by the United Kingdom Financial Conduct Authority in its capacity as competent authority under the FSMA. The Corporation accepts responsibility for the information contained in this Series Prospectus. To the best of the knowledge of the Corporation (having taken all reasonable care to ensure that such is the case) the information contained in this Series Prospectus is in accordance with the facts and does not omit anything likely to affect the import of such information.

Information relating to Markit Group Limited and BHP Billiton Group Operations Pty Ltd. ("BHP Billiton") has been obtained from each of Markit Group Limited and BHP Billiton, respectively. The Corporation confirms that such information has been accurately reproduced.

Neither the Placement Agents, BHP Billiton nor Markit Group Limited have independently verified the information contained herein. Accordingly, no representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by any of the Placement Agents or BHP Billiton as to the accuracy or completeness of the information contained or incorporated by reference in this Series Prospectus or any other information provided by the Corporation. None of the Placement Agents or BHP Billiton accepts any liability in relation to the information contained or incorporated by reference in this Series Prospectus or any other information provided by the Corporation in connection with the Notes.

This is not a public offering. The Notes may not be an appropriate investment for all investors and are not intended for retail investors. Each Noteholder is solely responsible for making its own independent appraisal of all matters as such Noteholder deems appropriate (including those relating to the offer of the Notes, the Project and VCUs described herein, this Series Prospectus and the Corporation). In particular, each potential investor may wish to consider, either on its own or with the help of its financial and other professional advisers, whether it:

(i) has sufficient knowledge and experience to make a meaningful evaluation of the Notes, the merits and risks of investing in the Notes and the information contained or incorporated by reference in this Series Prospectus;

(ii) has access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Notes and the impact the Notes will have on its overall investment portfolio;

(iii) has sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes, including where the currency for principal or interest payments is different from the potential investor’s currency;

(iv) understands thoroughly the terms of the Notes and is familiar with the behavior of VCUs and financial markets; and

(v) is able to evaluate possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

Legal investment considerations may restrict certain investments. The investment activities of certain investors are subject to investment laws and regulations, or review or regulation by certain authorities. Each potential investor should review such restrictions and consult its legal advisers in respect thereof. Each potential investor acknowledges that it has not relied upon any Placement Agent or BHP Billiton in connection with its decision as to whether to purchase any Notes, and has made its own analysis and investigations regarding the Notes, with particular reference to its own investment objectives and experience, and any other factors which may be relevant to it. If such potential investor is in any doubt about any aspect of the Series Prospectus and the offer of Notes and/or the action it should take, including in respect of any tax consequences, it should consult its professional advisers.

Each prospective investor acknowledges that it has been afforded an opportunity to request from the Corporation, and has received and reviewed, all additional information considered by it to be necessary to verify the accuracy of, or to supplement, the information contained in this Series Prospectus. Each prospective investor also acknowledges that it has not relied on the Placement
Agents or BHP Billiton or any person affiliated with the Placement Agents or BHP Billiton in connection with its investigation of the accuracy of such information or its investment decision. The contents of this Series Prospectus are not to be construed as legal, business or tax advice. Each prospective investor should consult its own attorney, business adviser and tax adviser for legal, business and tax advice relating to an investment in the Notes.

Prospective investors in the Notes should not rely on any communication (written or oral) of any of the Placement Agents or their affiliates or BHP Billiton or any of BHP Billiton Plc, BHP Billiton Limited, any body corporate controlled by BHP Billiton Plc or BHP Billiton Limited, any body corporate controlled by BHP Billiton Plc or BHP Billiton Limited taking into account the aggregate percentage interests of their respective direct or indirect shareholdings in that body corporate, and any body corporate controlling or controlled by the bodies corporate referred to in this paragraph ("BHP Billiton Affiliates") or their respective officers or agents as investment advice or as a recommendation to invest in the Notes, it being understood that information and explanations related to the Notes shall not be considered to be investment advice or a recommendation to invest in the Notes. No communication (written or oral) received from any of the Placement Agents or their affiliates or BHP Billiton or BHP Billiton Affiliates or their respective officers or agents shall be deemed to be an assurance or guarantee as to the expected results of an investment in the Notes.

BHP Billiton has no obligations under the Notes. Its obligations are limited to providing price support to the Corporation and the Project as described elsewhere herein and as agreed separately between the Corporation and BHP Billiton.

Certain of the Placement Agents are not registered with the U.S. Securities and Exchange Commission as a U.S. registered broker-dealer and will effect transactions solely outside of the United States to the extent permitted by Rule 15a-6 of the U.S. Securities Exchange Act of 1934, as amended (the "Exchange Act") or through their respective U.S. registered broker-dealers.

This Series Prospectus should not be considered as a recommendation by the Corporation, the Placement Agents or BHP Billiton that any recipient of this Series Prospectus should purchase the Notes. This Series Prospectus is to be read in conjunction with all documents which are deemed to be incorporated herein by reference (see “Incorporation by Reference” below).

Notwithstanding anything herein to the contrary, the Corporation and each Noteholder (and each employee, representative or other agent of the Corporation or each Noteholder) may disclose to any and all persons, without limitation of any kind, the U.S. tax treatment and U.S. tax structure of the transaction and all materials of any kind (including opinions or other tax analyses) that are provided to the Corporation or each Noteholder relating to such U.S. tax treatment and U.S. tax structure, other than any information for which nondisclosure is reasonably necessary in order to comply with applicable securities law.

THE NOTES ARE NOT REQUIRED TO BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE “SECURITIES ACT”). ACCORDINGLY, NO REGISTRATION STATEMENT HAS BEEN FILED WITH THE U.S. SECURITIES AND EXCHANGE COMMISSION (THE “COMMISSION”). THE NOTES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE COMMISSION OR ANY STATE SECURITIES COMMISSION, NOR HAS THE COMMISSION OR ANY STATE SECURITIES COMMISSION PASSED UPON THE ACCURACY OR ADEQUACY OF THIS SERIES PROSPECTUS. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE IN THE UNITED STATES.
# TABLE OF CONTENTS

<table>
<thead>
<tr>
<th>Section</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>Incorporation by Reference</td>
<td>2</td>
</tr>
<tr>
<td>Forward Looking Statements</td>
<td>4</td>
</tr>
<tr>
<td>Overview</td>
<td>5</td>
</tr>
<tr>
<td>Summary</td>
<td>6</td>
</tr>
<tr>
<td>Risk Factors</td>
<td>16</td>
</tr>
<tr>
<td>Use of Proceeds</td>
<td>29</td>
</tr>
<tr>
<td>Emissions Reductions Market</td>
<td>30</td>
</tr>
<tr>
<td>The Issuance</td>
<td>33</td>
</tr>
<tr>
<td>Project</td>
<td>34</td>
</tr>
<tr>
<td>Timeline</td>
<td>44</td>
</tr>
<tr>
<td>Delivery and Transfer of VCUs</td>
<td>45</td>
</tr>
<tr>
<td>Taxation</td>
<td>47</td>
</tr>
<tr>
<td>Plan of Distribution</td>
<td>50</td>
</tr>
<tr>
<td>Terms and Conditions of the Notes</td>
<td>52</td>
</tr>
</tbody>
</table>
INCORPORATION BY REFERENCE

The provisions of the prospectus dated June 3, 2008 in respect of the Corporation’s Program (the “Base Prospectus”) shall be deemed to be incorporated into and form part of this Series Prospectus in its entirety with the exception of the section entitled “Summary and Overview of the Program” on pages 8 to 14 of the Base Prospectus and the section entitled “Form of Final Terms” on pages 60 to 68 of the Base Prospectus, save that any statement contained in the Base Prospectus shall be deemed to be modified or superseded for the purpose of this Series Prospectus to the extent that a statement contained herein modifies or supersedes such earlier statement (whether expressly, by implication or otherwise). Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Series Prospectus. Terms used herein but not otherwise defined shall have the meanings given to them in the Base Prospectus. This Series Prospectus must be read in conjunction with the Base Prospectus and full information on the Corporation and the offer of the Notes is only available on the basis of the combination of the provisions set out within this Series Prospectus and the Base Prospectus.

The following documents are also deemed to be incorporated into and form part of this Series Prospectus:

(a) the Information Statement dated October 6, 2016 (the “Information Statement”), which contains the Corporation’s audited financial statements as of and for the years ended June 30, 2016 and 2015; and

(b) any filings made by the Corporation with the Commission since release of the Information Statement.

Any statement contained in any document incorporated by reference herein shall be deemed to be modified or superseded for the purposes of this Series Prospectus to the extent that such statement is inconsistent with a statement contained in this Series Prospectus.

The information incorporated by reference above is available as follows:

<table>
<thead>
<tr>
<th>Information Incorporated by Reference from the Information Statement</th>
<th>Reference</th>
</tr>
</thead>
<tbody>
<tr>
<td>Selected Financial Data..................................................................</td>
<td>Page 3</td>
</tr>
<tr>
<td>Use of Proceeds..............................................................................</td>
<td>Page 4</td>
</tr>
<tr>
<td>Financial Structure of IFC..........................................................</td>
<td>Page 4</td>
</tr>
<tr>
<td>Management’s Discussion and Analysis as of and for the Year Ended June 30, 2016.................................................................</td>
<td>Page 5</td>
</tr>
<tr>
<td>Client Services..............................................................................</td>
<td>Page 8</td>
</tr>
<tr>
<td>Business Overview..........................................................................</td>
<td>Page 8</td>
</tr>
<tr>
<td>Investment Services....................................................................</td>
<td>Page 8</td>
</tr>
<tr>
<td>Liquid Assets................................................................................</td>
<td>Page 18</td>
</tr>
<tr>
<td>Funding Resources........................................................................</td>
<td>Page 19</td>
</tr>
<tr>
<td>Risk Management...........................................................................</td>
<td>Page 22</td>
</tr>
<tr>
<td>Enterprise Risk Management Framework......................................</td>
<td>Page 22</td>
</tr>
<tr>
<td>Portfolio Risk Management..........................................................</td>
<td>Page 25</td>
</tr>
<tr>
<td>Treasury Risk Management.............................................................</td>
<td>Page 26</td>
</tr>
<tr>
<td>Credit Risk Management..................................................................</td>
<td>Page 26</td>
</tr>
<tr>
<td>Market Risk Management..................................................................</td>
<td>Page 28</td>
</tr>
</tbody>
</table>
Information Incorporated by Reference from the Information Statement

<table>
<thead>
<tr>
<th>Section</th>
<th>Reference</th>
</tr>
</thead>
<tbody>
<tr>
<td>Liquidity Risk Management</td>
<td>Page 30</td>
</tr>
<tr>
<td>Operational Risk Management</td>
<td>Page 31</td>
</tr>
<tr>
<td>Business Risk Management</td>
<td>Page 31</td>
</tr>
<tr>
<td>Critical Accounting Policies</td>
<td>Page 34</td>
</tr>
<tr>
<td>Results of Operations</td>
<td>Page 36</td>
</tr>
<tr>
<td>FY16 versus FY15</td>
<td>Page 38</td>
</tr>
<tr>
<td>FY15 versus FY14</td>
<td>Page 44</td>
</tr>
<tr>
<td>Governance and Control</td>
<td>Page 50</td>
</tr>
<tr>
<td>Organization and Administration of IFC</td>
<td>Page 53</td>
</tr>
<tr>
<td>The Articles of Agreement</td>
<td>Page 54</td>
</tr>
<tr>
<td>Legal Status, Immunities and Privileges</td>
<td>Page 55</td>
</tr>
</tbody>
</table>

Investors who have not previously reviewed the information contained in the above documents should do so in connection with their evaluation of any securities issued by the Corporation. Copies of the documents incorporated by reference in this Series Prospectus will be available free of charge at the office of the Corporation as set out at the end of this Series Prospectus and the website of the Corporation (www.ifc.org). Any person receiving a copy of this Series Prospectus may obtain, without charge, upon written or oral request, a copy of any document incorporated by reference herein, except for the exhibits to such documents (unless such exhibits are specifically incorporated by reference).
FORWARD LOOKING STATEMENTS

Certain statements included herein constitute “forward-looking statements” as defined in the Private Securities Litigation Reform Act of 1995. These statements are subject to certain risks and uncertainties that could cause actual results, including the estimates of available Eligible VCU’s, to differ materially from those projected. Whenever used in this Series Prospectus, the words “intend,” “estimate,” “expect,” “believe,” “anticipate,” or similar expressions are intended to identify such forward-looking statements. In the past, actual results have varied materially and unpredictably from expectations. Prospective investors are cautioned not to place undue reliance on these forward-looking statements, which speak only as to the date of this Series Prospectus. The Corporation undertakes no obligation to republish revised forward-looking statements to reflect new information, future events or otherwise. New factors emerge from time to time and it is not possible to predict all such factors, nor can the Corporation assess the impact of any such factor or the extent to which any factor, or combination of factors, may cause results to differ materially from those contained in any forward-looking statement. The Corporation urges prospective investors to review and consider carefully the factors in the succeeding paragraph.

Terms used below are defined herein. In addition to the assumptions and other factors referred to specifically in connection with such statements, factors that involve risks and uncertainties and that could cause actual results to differ materially from those contemplated in any forward-looking statements include, among others:

- fluctuation of the market price of the Notes;
- the ability to transfer the Notes may be limited by the absence of a secondary market;
- the Project may not deliver its contracted number of Eligible VCU’s;
- the Corporation may not deliver Eligible VCU’s to the extent the Project defaults on its obligations under the VERPA;
- events beyond the control of the Corporation may make it impossible or illegal for the Corporation to deliver Eligible VCU’s;
- Markit VCS Registry system failure may prevent or delay delivery of Eligible VCU’s;
- reports of fraudulent activities in carbon markets may impact future investors’ perception of the carbon markets;
- Noteholders may receive Eligible VCU’s that are up to three years old and VCU’s may lose value over time;
- the overall demand for carbon offset units and the price of carbon in the carbon markets has declined, and may continue to decline, which could affect the price of VCU’s in the secondary market and the value of the Notes;
- VCU’s are subject to the risk of price fluctuations in the VCU secondary market;
- Markit may transfer VCU’s that it reasonably suspects have a title flaw to its cancellation account or otherwise prevent the holder from using them;
- changes in laws or regulations;
- political and governance changes may affect the production or delivery of VCU’s;
- risks related to reversals of emissions reductions achieved through the destruction of carbon stock;
- the Project may not have the right to claim GHG Reductions in the future;
- risks related to ownership of the land underlying the Project by the Ranch Owners;
- risks related to the verification and validation of the Project; and
- risks related to taxation.
OVERVIEW

The Notes are a new product for the Corporation. The Notes pay interest at a fixed rate until maturity. However, a Noteholder can elect each year to receive its annual coupon for that year in respect of each Note that it owns in the form of carbon credits by receiving delivery of a number of Eligible VCU's (as defined below). In this way, a Noteholder can calibrate its desired exposure to carbon credits on an annual basis, with the annual coupon paid in cash for those Notes in respect of which no election to receive carbon credits is made or in the event carbon credits cannot be delivered in whole or part. The Notes are intended to facilitate private sector investment in the REDD market by providing access through a capital markets product to carbon credits in a manner that can be replicated by other issuers for other REDD and REDD+ projects.
SUMMARY

This summary must be read as an introduction to this Series Prospectus. Any decision to invest in the Notes should be based on a consideration of this Series Prospectus as a whole, including the documents incorporated by reference.

The table set out immediately below is a high-level summary of the terms set out in the Final Terms attached to this Series Prospectus (the “Final Terms”). Investors should carefully read the Final Terms.

Issuer: International Finance Corporation
Program: Global Medium-Term Note Program
Placement Agents: BNP Paribas, London Branch, J.P. Morgan Securities plc and Merrill Lynch International
Global Agent: Citibank, N.A., London Branch
Calculation Agent: Citibank, N.A., London Branch
Paying Agent and Transfer Agent: Citibank, N.A., London Branch
Settlement Agent: Citibank, N.A., London Branch
Product Co-Developer: BHP Billiton Group Operations Pty Ltd.
Specified Currency: U.S. dollars (“U.S.$”)
Aggregate Nominal Amount: U.S.$152,000,000
Issue Date: November 4, 2016
Maturity Date: November 4, 2021
Specified Denomination: U.S.$500,000
Method of Distribution: The Notes will be placed by the Corporation directly with investors.
Issue Price: 100%
Business Day: A day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets settle payments in New York and London.
VCS Business Day: A Business Day that is also a day on which the Markit VCS Registry (as defined below) is fully operational and capable of registering and/or transferring VCU’s between the VERPA Counterparty, the Corporation and Noteholders.
Interest Payment Dates: November 4 of each year, commencing on November 4, 2017. If a Noteholder has elected in respect of an Interest Payment Date to receive delivery of Eligible VCUs, if such Interest Payment Date is not a VCS Business Day, delivery of such Eligible VCUs shall occur on the immediately succeeding day that is a VCS Business Day.
Interest: The Notes will accrue interest at a fixed rate of 1.546% per annum. Subject as provided below, accrued interest will be settled on each annual Interest Payment Date, commencing with the Interest Payment Date falling on November 4, 2017 (i) by payment in cash; or (ii) at the option of a Noteholder in respect of one or more of its Notes, by delivery of a number
of Eligible VCUs per Specified Denomination subject to the satisfaction of the Conditions to Delivery (as defined below); (iii) in the circumstances provided for in “Cash Fallback” below, by payment in cash; or (iv) in the circumstances provided for in “Partial Cash Fallback” below, by payment in cash and delivery of Eligible VCUs.

Subject as provided herein and in the Final Terms, in order for the Corporation to deliver Eligible VCUs to a Noteholder in respect of an Interest Payment Date, the following conditions (the “Conditions to Delivery”) must be met:

(i) not more than 60 Business Days nor less than 30 Business Days prior to such Interest Payment Date (the “Settlement Notice Deadline”) such Noteholder must deliver a valid and complete settlement notice as set out in Schedule 1 to the Final Terms or provide electronically such other form as is acceptable to the Global Agent, and in accordance with the rules and procedures of Euroclear/Clearstream, Luxembourg (the “Clearing Systems” and each a “Clearing System”) electing to receive delivery of Eligible VCUs (the “Settlement Notice”) to the Corporation and the Global Agent. Such Settlement Notice must contain the details of the Noteholder’s VCUs account which it has opened in the Markit VCS Registry (“Eligible VCUs Account”) in which to receive delivery of the Eligible VCUs to be delivered to it;

(ii) on or prior to the Settlement Notice Deadline such Noteholder must provide instructions to the Clearing Systems in accordance with the Appendix to the Settlement Notice (“Instructions” and together with the delivery of a valid Settlement Notice, “Valid Settlement Instructions”);

(iii) the Project must deliver on or before the Delivery Date (as defined below), or cure such delivery failure within five Business Days after the Delivery Date (unless such fifth day is not a VCS Business Day, in which case the following day which is a VCS Business Day), the required number of Eligible VCUs needed by the Corporation for delivery to all Noteholders electing to receive delivery of Eligible VCUs in respect of such Interest Payment Date; and

(iv) due to an event beyond the control of the Corporation, it must not be impossible or illegal for the Corporation to deliver the required number of Eligible VCUs to such Noteholder.

The Clearing Systems and any other intermediaries may have respective deadlines for receipt of Instructions which may fall prior to the Settlement Notice Deadline and must be observed by the Noteholder in order to allow the Clearing System to pass on the Instructions to the Global Agent before the
Settlement Notice Deadline.

Any non-delivery of Eligible VCU resulting from failure to satisfy the Conditions to Delivery will not be an Event of Default.

Delivery of the Valid Settlement Instructions is irrevocable (although corrections or clarifications of account details or nomenclature in a Settlement Notice are permitted) and is effective only for the Notes and the Interest Payment Date to which it relates.

Cash Fallback:

If the Corporation or Global Agent and relevant Clearing System receive Valid Settlement Instructions prior to the Settlement Notice Deadline from a Noteholder in respect of an Interest Payment Date but one or more of the other Conditions to Delivery are not met and Partial Cash Fallback does not apply, the Corporation shall as soon as practicable, and in any event not less than two Business Days prior to such Interest Payment Date, give notice of such fact, to such Noteholder, and such Noteholder will receive payment in cash applied to each Specified Denomination held by such Noteholder calculated as if such Noteholder had not elected to receive delivery of Eligible VCU for each Eligible VCU not so delivered. The accrued interest amount will not be rounded up to the nearest number divisible by five; such Noteholder will receive cash payment in the exact amount of accrued interest due in respect of such Interest Payment Date. Such non-delivery of Eligible VCU will not be an Event of Default.

Partial Cash Fallback:

In respect of an Interest Payment Date, if the Conditions to Delivery are met other than Condition to Delivery (iii), the Corporation will deliver Eligible VCU, to the extent they are received by the Corporation pursuant to the VERPA, to such Noteholder on such Interest Payment Date. In the event of a shortfall of Eligible VCU in respect of an Interest Payment Date, to the extent that any Eligible VCU are delivered by the Project to the Corporation, such Eligible VCU shall be delivered pro rata per Specified Denomination among those Noteholders who elected to receive delivery of Eligible VCU in respect of such Interest Payment Date.

Fractions of Eligible VCU will not be delivered. To the extent the Eligible VCU to be delivered to a Noteholder in respect of an Interest Payment Date in respect of its Notes do not equal the accrued interest due on such Notes, such Noteholder will receive in respect of such Interest Payment Date a cash payment for the balance of the accrued interest, though if the balance of the accrued interest is less than U.S.$10.00, no such balance will be paid to such Noteholder.
Failure by Noteholders to Accept Eligible VCU:s:

In respect of each Interest Payment Date, if the Conditions to Delivery are met and the Corporation delivers Eligible VCU:s to a Noteholder’s Eligible VCU:s Account, but such Noteholder fails to accept such Eligible VCU:s in such Eligible VCU:s Account within 15 calendar days following such Interest Payment Date, such Eligible VCU:s that would otherwise have been received by such Noteholder shall be returned to the Corporation’s Markit holding account as required by Markit’s operational registry terms and conditions and such Noteholder will be deemed to have directed that such Eligible VCU:s be retired by the Corporation on behalf of such Noteholder and such Noteholder will receive neither Eligible VCU:s nor cash in lieu of Eligible VCU:s in respect of such Interest Payment Date. The Corporation shall provide notice to the relevant Noteholder (at such contact details as are included by such Noteholder in its Settlement Notice) substantially in the form set out in Schedule 4 indicating that such Eligible VCU:s have been retired on such Noteholder’s behalf.

Notice of Settlement Notice:

Within two Business Days following the Settlement Notice Deadline, the Global Agent will provide to Markit the identity and notice details of the Noteholders who have provided Settlement Notices. Within two VCS Business Days following receipt by Markit of a notice from the Global Agent providing the identity of the Noteholders who have provided Settlement Notices, Markit will notify the Global Agent if there are any discrepancies (and, if there are any, what they are) between the Eligible VCU:s Accounts in the Settlement Notices and Markit’s records. The Global Agent will then notify the relevant Noteholders within two Business Days following such notice from Markit as to any such discrepancy. Nine Business Days prior to the Interest Payment Date (unless such ninth day is not a VCS Business Day, in which case the following day which is a VCS Business Day), Markit will determine if such discrepancy has been rectified and will inform the Global Agent and the Corporation. If, on such ninth Business Day prior to such Interest Payment Date, such discrepancy has not been rectified, such Settlement Notice will not be deemed to be Valid Settlement Instructions and the Noteholder will receive cash payment in respect of such Interest Payment Date.

By providing its Valid Settlement Instructions, each Noteholder acknowledges that the Corporation, the Global Agent and Markit will have access to its beneficial holder information.

Copies of the form of the Settlement Notice are obtainable from the Global Agent, the Registrar or any Transfer Agent (as applicable). The delivery of Valid Settlement Instructions
is irrevocable (although corrections or clarifications of account details or nomenclature in a Settlement Notice are permitted) and is effective only for the Notes and the Interest Payment Date specified therein.

**Delivery:**

Delivery of Eligible VCU will be deemed to occur on the date on which the Corporation, having received the Eligible VCU in its Markit holding account from the VERPA Counterparty (as defined herein), instructs Markit to initiate delivery of such Eligible VCU to a Noteholder electing to receive delivery of Eligible VCU, and not the date on which a Noteholder accepts such delivery. The Corporation will have no liability for a failure by Markit to process the delivery of Eligible VCU from the Corporation’s holding account to a Noteholder, or a Noteholder’s failure to accept delivery of Eligible VCU and such non-delivery of Eligible VCU will not be an Event of Default.

**Amount of Eligible VCU:**

In respect of an Interest Payment Date, if the Conditions to Delivery are met, a Noteholder electing to receive delivery of Eligible VCU will receive a whole number of Eligible VCU determined by rounding the accrued interest amount for such Noteholder’s Notes (for this purpose only) up to the nearest number divisible by five, and then dividing by U.S.$5.00 (which is the fixed price per Eligible VCU).

If Eligible VCUs from both calendar years in a Generation Period are delivered by the Project in respect of an Interest Payment Date and are identifiable by calendar year, the Corporation will first deliver Eligible VCU from the most recent calendar year within the Generation Period pro rata as between Noteholders who elect to receive delivery of Eligible VCU. To the extent there are an insufficient number of Eligible VCU from the most recent calendar year within the Generation Period for delivery to Noteholders who elect to receive delivery of Eligible VCU, the Corporation will deliver Eligible VCU from the older calendar year within the Generation Period pro rata as between Noteholders who elect to receive delivery of Eligible VCU. In respect of the first Interest Payment Date, to the extent there are an insufficient number of Eligible VCU from the first Generation Period for delivery to Noteholders who elect to receive Eligible VCU, the Corporation will deliver VCU issued in respect of GHG Reductions (as defined below) generated by the Project in the period from January 1, 2014 to December 31, 2014 pro rata as between Noteholders who elect to receive delivery of Eligible VCU.

If a Noteholder owns more than one Note of the Specified Denomination, such Noteholder may elect to receive delivery of Eligible VCU for one or more Notes of the Specified Denomination, but not less than a single Specified
Denomination, in relation to an Interest Payment Date in respect of which it makes such election and accrued interest on the aggregate amount of such Notes will be used when calculating the number of Eligible VCUs to be delivered to such Noteholder on such Interest Payment Date. A Noteholder wishing to elect to receive accrued interest through delivery of Eligible VCUs for some but not all of its Notes of the Specified Denomination should elect only for those Notes in respect of which it wishes to receive delivery of Eligible VCUs and should take no action for Notes in respect of which it wishes to receive cash.

Project: The Kasigau Corridor REDD Project – Phase I Rukinga Sanctuary and The Kasigau Corridor REDD Project – Phase II The Community Ranches, collectively.

Generation Period: The Generation Period for each Interest Payment Date is set forth in the schedule below:

<table>
<thead>
<tr>
<th>Generation Period</th>
<th>Interest Payment Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>January 1, 2015 - December 31, 2016</td>
<td>November 4, 2017</td>
</tr>
<tr>
<td>January 1, 2016 - December 31, 2017</td>
<td>November 4, 2018</td>
</tr>
<tr>
<td>January 1, 2017 - December 31, 2017</td>
<td>November 4, 2019</td>
</tr>
<tr>
<td>January 1, 2018 - December 31, 2018</td>
<td>November 4, 2020</td>
</tr>
<tr>
<td>January 1, 2019 – December 31, 2020</td>
<td>November 4, 2021</td>
</tr>
</tbody>
</table>

In respect of the first Interest Payment Date, VCUs in respect of greenhouse gas (“GHG”) reductions (“GHG Reductions”) achieved in accordance with VCS Rules (as defined below) generated by the Project in the period from January 1, 2014 to December 31, 2014 may also be delivered, but only to the extent that an insufficient number of Eligible VCUs were available to be delivered from the Generation Period of January 1, 2015 to December 31, 2016 on the relevant Delivery Date to the Corporation’s Markit holding account.

VCS: Verified Carbon Standard, a registered 501(c)(3) not-for-profit organization founded in 2005 located at 1730 Rhode Island Avenue, NW Suite 803, Washington, DC 20036, USA.

VCSA: Verified Carbon Standard Association, an association incorporated in the District of Columbia, USA, whose registered office is at 1090 Vermont Avenue, N.W., Suite 910, Washington, DC 20005, USA.
VCS Rules: The rules and requirements of the VCS Program (as defined below), as such rules and requirements may be updated or superseded from time to time.

Annual Quantity: 469,984 Eligible VCUs, being the pre-agreed number of Eligible VCUs the Project is required to deliver to the Corporation on each relevant Delivery Date pursuant to the VERPA (as defined below), which is an amount less than or equal to 480,000 Eligible VCUs.

Maximum Annual Option Quantity: 469,984 Eligible VCUs, being the amount of Eligible VCUs which in addition to the Annual Quantity, at the direction of the Product Co-Developer, the Corporation may purchase from the VERPA Counterparty on the Product Co-Developer’s behalf, which is an amount less than or equal to 480,000 Eligible VCUs.

VER: A verified emission reduction is an emission reduction representing one ton of carbon dioxide equivalent (CO₂e) which has been verified in accordance with the VCS Rules but has not yet been issued as a VCU. Once certified, in accordance with the VCS Rules, it will be eligible to be issued as a VCU and will become a VCU upon issuance.

Eligible Verified Carbon Units: A VCU represents a right to claim the achievement of a verified reduction or removal of one ton of carbon dioxide equivalent (CO₂e).

Each Project Owner (as defined in the “Project” section below) (together, the “VERPA Counterparty”) will enter into a verified emissions reduction purchase agreement (the “VERPA”) with the Corporation for the duration of the Notes, pursuant to which the Corporation will buy VCUs. Each VCU delivered shall be a VCU generated by the Project, arising from reductions or removals occurring during the corresponding Generation Period which have been verified and passed the completeness check undertaken by the VCSA in accordance with the VCS Rules and issued by Markit into the Markit VCS Registry (“Eligible VCUs”).

On or before the date that is 20 Business Days prior to the Delivery Date (“Volume Notification Date”) the VERPA Counterparty will notify the Corporation of the proportion of the Annual Quantity that it is able to deliver in respect of a Delivery Date. At the direction of the Product Co-Developer, the Corporation may elect to purchase additional Eligible VCUs from the requisite Generation Period pursuant to the option contained in the VERPA. See “The Issuance.”

VCS Project Database: The central project database that records all projects, programs (listed and registered) and VCUs issued under the VCS Program, and that provides public access to material project, program and VCU information.

VCS Program: The GHG emission reduction and removal program operated by the VCSA which establishes rules and requirements that
operationalize the VCSA to enable the validation of GHG emission reduction and removal projects and programs and the verification of GHG Reductions and removals.

Markit: Markit Group Limited and any subsidiary or affiliate that may provide registry services and operate the Markit VCS Registry for or on behalf of Markit or any other registry that may be specified by the Corporation.

Markit VCS Registry: The registry operated by Markit, (or any other registry that may be specified by the Corporation) approved by the VCSA, for the issuance, transfer, suspension, cancellation and retirement of VCU’s on behalf of its account holders.

Delivery Date: The date which is 10 Business Days before each Interest Payment Date (unless such tenth day is not a VCS Business Day, in which case the following day which is a VCS Business Day).

Redemption Amount: The Notes will be redeemable at par at maturity by payment in cash only.

Status of Notes: The Notes will constitute direct, unconditional, general and unsecured obligations of the Corporation ranking pari passu and without any preference among themselves and pari passu with all other outstanding unsecured and unsubordinated obligations for borrowed money of the Corporation. The Notes will not be obligations of the International Bank for Reconstruction and Development or of any government.

Negative Pledge: None

Call Option: If the Corporation, at its sole discretion, determines that (i) VCU’s have become regulated as securities under the U.S. Securities Act of 1933, as amended (the “Securities Act”) or (ii) the Notes have become regulated as a commodity interest under the U.S. Commodity Exchange Act, as amended, modified and interpreted (the “Commodity Exchange Act”), the Corporation, at its sole discretion, may exercise its Call Option over the Notes by giving notice of such exercise to the Noteholders in accordance with Condition 5(d).

Events of Default: If the Corporation shall either (i) fail to pay or, in respect of the delivery of Eligible VCU’s, deliver, when due the principal of, or interest on, any Note or (ii) fail to pay when due, in aggregate an amount equal to or exceeding U.S.$20,000,000 or its equivalent in any other relevant currency or currencies, of the principal of, or interest on, any note of any series or any notes, bonds or similar obligations (other than the Notes) which shall have been issued, assumed or guaranteed by the Corporation and, in each case, such failure shall continue for a period of 90 days, then at any time thereafter and during the continuance of such failure, the holder of any Note may deliver or cause to be delivered to the Corporation at its principal office in the City of Washington, District of Columbia, United States of America, written notice that such holder elects to declare all Notes held by it.
(the serial numbers and denominations of which shall be set forth in such notice) to be due and payable, and on the thirtieth day after such notice shall be so delivered to the Corporation, such Notes shall become due and payable together with accrued interest thereon, unless prior to that time all such defaults shall have been cured.

Rating:

The Notes have been rated AAA by S&P.

The Program has been rated AAA by S&P and Aaa by Moody’s. As defined by S&P, an “AAA” rating means that the ability of the Corporation to meet its financial commitment on its obligations is extremely strong. As defined by Moody’s, an “Aaa” rating means that the Corporation’s ability to meet its financial obligations is judged to be of the highest quality, with minimal credit risk.

A security rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.

Certain U.S. Federal Income Tax Considerations:

Under the Articles of Agreement, the Corporation is not under any obligation to withhold or pay any tax imposed by any member country in respect of the Notes. Accordingly, payments in respect of principal and interest due on the Notes will be paid to the Global Agent without deduction in respect of any such tax. However, tax withholding requirements may apply to payments made by financial intermediaries acting in any capacity other than as the Corporation’s Global Agent or Paying Agent.

The Notes will be treated as contingent payment debt instruments for U.S. federal income tax purposes. Accordingly, a U.S. Holder (as defined in “Taxation—Certain U.S. Federal Income Tax Considerations”) will be required to accrue original issue discount, regardless of its method of accounting for U.S. federal income tax purposes, on the Notes at the “comparable yield” and will recognize ordinary income upon a sale, exchange, redemption or other taxable disposition of the Notes at a gain. See “Taxation—Certain U.S. Federal Income Tax Considerations”.

Governing Law:

English law.

Form of Notes:

The Notes will be issued in registered form (“Registered Notes”).

Clearing Systems:

Euroclear and Clearstream, Luxembourg.

Initial Delivery of Notes:

On or before the Issue Date, the Global Agent will deposit the Global Registered Certificate representing Registered Notes (the “Global Registered Certificate”) with a common depositary for Euroclear and Clearstream, Luxembourg, which Global Registered Certificate will be registered in the name of a nominee for such common depositary.

Listing:

Application has been made for Notes issued under the Program to be listed on the Official List and admitted to
trading on the Regulated Market.

Selling Restrictions: See “Plan of Distribution” in the Base Prospectus and this Series Prospectus.
RISK FACTORS

Risks Related to the Notes

The Notes may not be an appropriate investment for investors.

Prospective investors in the Notes should determine whether an investment in the Notes is appropriate in their particular circumstances and should consult with their legal, business and tax advisers to determine the consequences of an investment in the Notes and to arrive at their own evaluation of the investment. Trading on carbon credit markets requires skill and experience, and investors should seek independent professional advice before making an investment decision.

Prospective investors in the Notes should make their own independent decision to invest in the Notes and as to whether the investment in the Notes is appropriate or proper for them based upon their own judgement and upon advice from such advisers as they may deem necessary. Prospective investors in the Notes should not rely on any communication (written or oral) of the Corporation, the Placement Agents, BHP Billiton, BHP Billiton Affiliates or any of the Corporation’s or the Placement Agents’ affiliates or their respective officers or agents as investment advice or as a recommendation to invest in the Notes, it being understood that information and explanations related to the Notes shall not be considered to be investment advice or a recommendation to invest in the Notes. No communication (written or oral) received from the Corporation, the Placement Agents, BHP Billiton, BHP Billiton Affiliates or any of the Corporation’s or the Placement Agents’ affiliates or their respective officers or agents shall be deemed to be an assurance or guarantee as to the expected results of an investment in the Notes.

The market price of the Notes may be influenced by many factors.

Many factors beyond the Corporation’s control may influence the value of the Notes and the price at which a secondary market participant may be willing to purchase or sell the Notes, including: the current market price of VCU, interest and yield rates in the market, general macroeconomic and financial, political and regulatory events that affect the demand for VCU for corporate social responsibility purposes or for compliance with possible future regulatory regimes which may restrain or expand the potential secondary market for VCU and accordingly decrease or increase demand for and the value of the Notes. Changes in regulation of fossil fuels and carbon abatement policies may also affect the price of VCU.

The VCU market can be volatile and the market value of VCU is likely to change during the term of the Notes. Any change in the global conditions that have contributed or may contribute to the decrease in the value of VCU may affect the market price of the Notes, including any market price received by an investor in any secondary market transaction.

Your ability to transfer the Notes may be limited by the absence of an active secondary trading market, and there is no assurance that any active secondary trading market will develop for the Notes.

The Notes are a new type of security linked to reducing emissions from deforestation and forest degradation (“REDD”) projects (through the optional election for interest payments to be settled by the delivery of VCU) and additionally, are a new issue of securities with no established trading market. Therefore, the Corporation cannot assure you that an active secondary market for the Notes will develop or, if developed, that it will continue or be liquid. In addition, the Notes may trade at a discount from their initial offering price, depending upon prevailing interest rates, the market for similar notes, the market for VCU and other factors.
Risks Related to Transfer and Delivery of VCU

If a Noteholder has elected to receive Eligible VCU for an Interest Payment Date and such Noteholder fails to accept such Eligible VCU within 15 calendar days after such Interest Payment Date, such Noteholder will receive neither Eligible VCU nor cash in respect of such Interest Payment Date.

If a Noteholder provides (i) the Corporation and the Global Agent with a valid Settlement Notice and (ii) Instructions to the Clearing System, in each case not more than 60 Business Days nor less than 30 Business Days prior to an Interest Payment Date, but does not accept such Eligible VCU within 15 calendar days of such Interest Payment Date in relation to which such Eligible VCU are to be delivered, the Noteholder is deemed to have directed the Corporation to retire on behalf of such Noteholder those Eligible VCU that would otherwise have been delivered to such Noteholder in respect of such Interest Payment Date and such Noteholder will receive neither Eligible VCU nor cash in lieu of Eligible VCU in respect of such Interest Payment Date.

Markit will have access to the beneficial holders’ information.

In order to deliver the Eligible VCU, Markit will receive the information of those beneficial holders who elect to receive delivery of Eligible VCU in respect of an Interest Payment Date. By submission of Valid Settlement Instructions, direct participants in any Clearing System and beneficial owners of the Notes authorize such Clearing System to disclose their identity to the Corporation, the Global Agent, Markit, the common depositary for the Clearing Systems and their respective advisers.

If the Noteholder fails to open the proper type of Markit Account, the Noteholder may not be able to transfer VCU to another account and/or receive VCU.

A Noteholder who elects to receive delivery of Eligible VCU in respect of an Interest Payment Date must agree to the Markit Environmental Registry Terms and Conditions (“MER Terms and Conditions”) in order to receive such Eligible VCU. Only certain Markit accounts permit transfer of VCU. If a Noteholder wishes to transfer Eligible VCU, it must comply with the MER Terms and Conditions and open a Markit account which permits transfers. A Noteholder who fails to open such an account may not be able to transfer Eligible VCU but only be able to retire them.

Only organizations can open a Markit Account.

Natural persons are not able to open an account in the Markit VCS Registry. Additionally, organizations that do not pass Markit’s know-your-customer diligence process may not be permitted by Markit to open an account in the Markit VCS Registry. Markit may refuse to open an account for an organization in certain circumstances including, but not limited to, where an organization has sold VCU to individuals as an investment vehicle or has participated, or has been alleged to have participated, in fraud in the VCU industry.

The Project may not deliver its contracted minimum number of Eligible VCU, which may result in payment of cash rather than delivery of Eligible VCU.

Under the terms of the VERPA, the Project is required to generate a minimum number of Eligible VCU in a particular Generation Period for delivery under the Notes. If the Project fails to generate sufficient Eligible VCU from the Generation Period in respect of an Interest Payment Date, the Corporation will not be able to deliver the requisite amount of Eligible VCU to Noteholders who have elected to receive delivery of Eligible VCU in respect of an Interest Payment Date. Under the terms of the Notes, if a Noteholder delivers Valid Settlement Instructions electing to receive delivery of Eligible VCU in respect of an Interest Payment Date, the Corporation will deliver Eligible VCU to the extent they are generated, to such Noteholder on such Interest Payment Date. In the event of such shortfall in respect of an Interest Payment Date, to the extent that any Eligible VCU are delivered by the Project to the Corporation, such Eligible VCU shall be delivered pro rata among those Noteholders who elected to receive delivery of Eligible VCU in respect of such Interest Payment Date, with the remaining accrued interest to be paid in cash to Noteholders to make up for such shortfall, even though such Noteholders elected to receive delivery
of Eligible VCU on such Interest Payment Date. Such pro-rated non-delivery of Eligible VCU will not be an Event of Default.

The Project may not be able to deliver any Eligible VCU at all in respect of an Interest Payment Date. In such circumstances, those Noteholders who elect to receive Eligible VCU in respect of such Interest Payment Date will receive the entire payment in cash and will receive no Eligible VCU in respect of such Interest Payment Date. Such non-delivery of Eligible VCU will not be an Event of Default.

*Failure by a Noteholder to timely provide to the Corporation and the relevant Clearing System Valid Settlement Instructions in respect of any Interest Payment Date will result in cash payment for such Interest Payment Date.*

In order to elect to receive Eligible VCU in respect of an Interest Payment Date, a Noteholder must ensure delivery of its valid Settlement Notice before the Settlement Notice Deadline set out in the Final Terms, cure any discrepancies or errors in such Settlement Notice no later than nine Business Days prior to the Interest Payment Date and provide Instructions to the relevant Clearing System in accordance with the procedures referred to in the Final Terms and the Settlement Notice. Failure by a Noteholder to timely provide Valid Settlement Instructions will result in such Noteholder receiving payment in cash in respect of such Interest Payment Date and such Noteholder will not receive delivery of any Eligible VCU. In order to deliver a valid Settlement Notice, a Noteholder must have opened an Eligible VCU Account with Markit and included such account information in its Settlement Notice. Failure to provide valid account information in the Settlement Notice will also result in such Noteholder receiving payment in cash in respect of such Interest Payment Date and no Eligible VCU will be delivered to such Noteholder in respect of such Interest Payment Date.

*The Clearing Systems may have deadlines that are different or in addition to the deadlines provided in the Final Terms.*

The relevant Clearing System and any other broker, dealer, commercial bank, custodian, trust company or account holder through whom the Noteholder holds its Notes on the relevant Clearing System ("Intermediaries") may have respective deadlines for receipt of instructions in order for a Noteholder to indicate its wish to receive delivery of Eligible VCU in respect of an Interest Payment Date, which may fall prior to the Settlement Notice Deadline and must be observed by the Noteholder in order to allow the Intermediaries and Clearing Systems to pass on such instructions to the Global Agent before the Settlement Notice Deadline. If Noteholders fail to comply with these additional deadlines, they may not be able to submit Valid Settlement Instructions in time and therefore will not receive delivery of Eligible VCU in respect of such Interest Payment Date. The Notes the subject of a Settlement Notice (whether valid or not) will remain blocked until such Interest Payment Date.

*From the time that the Noteholder’s Settlement Notice is submitted to the time the Eligible VCU are delivered to the Noteholder’s Eligible VCU Account, the Noteholder’s Notes will be blocked in the relevant Clearing System.*

In order to receive delivery of Eligible VCU, Noteholders whose Notes are held on their behalf by a broker, dealer, commercial bank, custodian, trust company or direct participant in the Clearing System should contact their broker, dealer, commercial bank, custodian, trust company or direct participant in the Clearing System, as the case may be, to confirm that the deadline for receipt of their instruction with respect to the Settlement Notice so that such instructions may be processed in a timely manner and in accordance with the relevant deadlines and delivered to the relevant Clearing System in accordance with such Clearing System’s deadlines and in time for transmission to the Global Agent, prior to the Settlement Notice Deadline.

*Once a Noteholder has submitted its Valid Settlement Instructions electing to receive Eligible VCU in respect of an Interest Payment Date and Instructions, its Notes will be blocked in the Clearing Systems. Notes which are blocked may not be traded or transferred in the relevant Clearing System during the period starting from the time at which the Noteholder delivers, or instructs the account holder through which it*
holds such Notes to deliver, Valid Settlement Instructions, to the relevant Clearing System, to any time prior to the relevant Interest Payment Date.

*The Corporation may not deliver Eligible VCU*s to the extent that the Project does not comply with the terms of the VERPA.*

The Corporation does not guarantee delivery of Eligible VCU*s. In the event that the VERPA Counterparty defaults on its obligations under the VERPA, or if the Project generates fewer Eligible VCU*s than originally estimated, the Corporation may not deliver the volume of Eligible VCU*s which a Noteholder that has elected for delivery of Eligible VCU*s expects to receive in respect of a particular Interest Payment Date. The Corporation then will deliver cash in lieu of Eligible VCU*s.

*Events beyond the control of the Corporation may make it impossible or illegal for the Corporation to deliver Eligible VCU*s.*

It is a Condition to Delivery that it must not be impossible or illegal for the Corporation to deliver the required number of Eligible VCU*s to those Noteholders who have validly elected to receive delivery of Eligible VCU*s. Many factors beyond the Corporation’s control may make it illegal or impossible for the Corporation to deliver such Eligible VCU*s. If any event takes place or circumstance arises in respect of an Interest Payment Date which, at the Corporation’s sole discretion, results in it being illegal or impossible to deliver Eligible VCU*s, those Noteholders which validly elected to receive delivery of Eligible VCU*s may not receive a portion or all of the Eligible VCU*s to be delivered in respect of such Interest Payment, but will instead receive cash payment in lieu of such shortfall.

*Markit VCS Registry system failure may prevent or delay delivery of Eligible VCU*s.*

The suspension of some or all of the processes of the Markit VCS Registry for scheduled or emergency maintenance of the Markit VCS Registry, the failure to operate and maintain the Markit VCS Registry or the discontinuation of the Markit VCS Registry may prevent or delay delivery of Eligible VCU*s to the Noteholders and such Noteholders may receive payment in cash, or no payment at all in some circumstances, in respect of the relevant Interest Payment Date, even if they validly elected to receive Eligible VCU*s.

If the Markit VCS Registry fails prior to receiving instructions from the Corporation to transfer Eligible VCU*s to the Noteholders in accordance with the Final Terms, a Noteholder who has elected to receive Eligible VCU*s in respect of an Interest Payment Date will receive payment in cash and such Noteholder will be unable to receive Eligible VCU*s in respect of such Interest Payment Date. If the Markit VCS Registry fails after Markit receives such instructions from the Corporation, a Noteholder who has elected to receive delivery of Eligible VCU*s in respect of an Interest Payment Date will not receive either delivery of Eligible VCU*s or cash in respect of such Interest Payment Date without recourse against the Corporation.

*The Corporation will have no liability for a delay or failure by Markit to process the transfer of Eligible VCU*s from the Corporation’s holding account to a Noteholder.*

Delivery of Eligible VCU*s will be deemed to occur on the date on which the Corporation, having received the Eligible VCU*s into its Markit holding account, initiates the transfer of such Eligible VCU*s to Noteholders, and not the date on which a Noteholder accepts such delivery. The Corporation will have no liability for a delay or failure by Markit to process the transfer of Eligible VCU*s from the Corporation’s holding account to a Noteholder. Therefore there is a risk that the Noteholder who has validly elected to receive Eligible VCU*s may receive neither delivery of Eligible VCU*s nor cash in respect of an Interest Payment Date without recourse against the Corporation.
Risks Related to VCUs

The VCUs may only be suitable investments for potential Noteholders who are willing to retire the Eligible VCUs.

If an investor intends to elect to receive delivery of VCUs in respect of an Interest Payment Date, the Notes may only be suitable investments for a potential Noteholder who is willing to retire the Eligible VCUs which it receives on a voluntary basis. If such investor’s circumstances change during the course of holding the VCUs such that it does not wish to retire the VCUs, it may not be able to achieve the value ascribed to the VCUs under the Notes.

Reports of fraudulent activities in carbon markets may impact future investors’ perception of the carbon markets.

Fraud in trading in the European Union Emission Trading System and in the production and sale of carbon credits from carbon abatement or offset projects has received substantial media coverage. Reports show that hackers and fraudulent traders have sold the same carbon credits to multiple parties and various offset projects have sold rights to credits without ever carrying out the corresponding offset activities. Such negative publicity and any change in the global conditions that have contributed or may contribute to the decrease in the value of VCUs may affect the market price of VCUs and the Notes, including any market price received by an investor in any secondary market transaction.

Reputational risk of being associated with REDD projects across the life of the Notes exists and is difficult to predict or quantify.

The reputational risk of being associated with REDD projects varies across projects and jurisdictions. Environmental or social issues may arise at the Project, for example in relation to equitable benefit-sharing issues, land tenure disputes and human rights matters, which may, in turn, generate adverse publicity and negative perceptions of the Project or REDD projects in general. In order to respond to this risk, the VERPA Counterparty has agreed to establish a benefit sharing plan approved by the Corporation. Nonetheless, negative publicity may still be generated, including with respect to the application of equitable benefit sharing parameters, and may have adverse impacts on the Noteholders’ reputation as a result of being associated with the Project.

In addition, although the quantities of VCUs generated by REDD projects are calculated in accordance with a documented methodology (in this case VCS REDD methodology VM0009, which was developed by WWC LLC (as defined below)) and the calculation is subject to independent verification carried out by a suitably accredited third party, there are practical challenges involved in accurately calculating the amount of GHG emissions avoided through implementation of any REDD project. In the event that the calculations of avoided GHG emissions underlying the VCUs become contentious for any reason, the reputation in the GHG emissions industry of parties associated with the Project (including Noteholders who elected for, and took delivery of, Eligible VCUs) may be adversely affected.

Noteholders may receive Eligible VCUs that are up to three years old and VCUs may lose value over time.

Purchasers in the market generally prefer to purchase the most recently issued calendar year VCUs possible. This can lead to a premium being paid for more recent calendar year VCUs and VCUs losing value as they age over time.

In respect of each Interest Payment Date, the Project must deliver VCUs issued in respect of GHG Reductions which occurred in the period two calendar years prior to the relevant Interest Payment Date although, in respect of the first Interest Payment Date, VCUs issued in respect of GHG Reductions which occurred in the period from January 1, 2014 to December 31, 2014 may also be delivered, but only to the extent that an insufficient number of Eligible VCUs are available to be delivered in respect of GHG Reductions which occurred in the calendar years of January 1, 2015 to December 31, 2016. This means that VCUs from the calendar year two (or in the case of the first Interest Payment Date, three) years prior to the Interest Payment Date may be transferred on the relevant Interest Payment Date. The Project is not
obliged under the VERPA to deliver Eligible VCU s from the most recent calendar year within a Generation Period and therefore the Corporation is not able to control the calendar year within a Generation Period of the Eligible VCU s delivered by the Project to it in respect of an Interest Payment Date. Thus, Noteholders may receive some or all Eligible VCU s from the earlier calendar year within a Generation Period.

If Eligible VCU s from both calendar years in a Generation Period are necessary in order to meet the Annual Quantity, to the extent received by the Corporation and identifiable by calendar year, Eligible VCU s from the most recent calendar year within the Generation Period will be delivered first and pro rata as between Noteholders who elect to receive delivery of Eligible VCU s. To the extent there are an insufficient number of Eligible VCU s from the most recent calendar year within the Generation Period for delivery to Noteholders who elect to receive delivery of Eligible VCU s, Eligible VCU s from the older calendar year within the Generation Period will be delivered pro rata as between Noteholders who elect to receive delivery of Eligible VCU s. In respect of the first Interest Payment Date, to the extent there are an insufficient number of Eligible VCU s from the first Generation Period for delivery to Noteholders who elect to receive Eligible VCU s, VCU s issued in respect of GHG Reductions generated by the Project in the period from January 1, 2014 to December 31, 2014 will be delivered pro rata as between Noteholders who elect to receive delivery of Eligible VCU s. VCU s issued in respect of earlier calendar years may be less valuable than VCU s generated in the calendar year preceding the Interest Payment Date. Noteholders who elect to receive delivery of Eligible VCU s and who subsequently hold such Eligible VCU s as an investment may find that the Eligible VCU s decrease in value over time. Therefore, if investors’ circumstances change during the course of holding the Eligible VCU s such that they do not wish to retire the Eligible VCU s, they may not be able to achieve the value ascribed to the Eligible VCU s under the Notes, particularly if Eligible VCU s are significantly older than the current calendar year.

The overall demand for carbon offset units and the price of carbon in the carbon markets has declined, and may continue to decline which could affect the price of VCU s in the secondary market and the value of the Notes.

Demand for carbon offsetting units may decrease. Many people participating in this market do so on a voluntary basis, and they may opt to stop participating in the future. In 2015, wind overtook REDD+ as the most sought-after offset type, with buyers transacting 12.7 million tons of CO₂ equivalent (“MtCO₂e”), representing 25% of the market. REDD+, which was the most-transacted offset type in both 2013 and 2014, trailed wind transactions in 2015 at 11.1 MtCO₂e (22% market share), representing a 26% decline from 2014.¹ Despite the lower volume, REDD+ generated a higher overall value than wind at U.S.$37.5 million.² Voluntary demand for avoided deforestation offsets accelerated after the 2007 Bali Climate Change Conference introduced REDD to the international stage, with the general expectation that demand would come in the future, sooner or later, in the form of compliance offset markets. Except for certain recent bilateral government deals, compliance offset markets have yet to materialize. While the governments of Germany, Norway and the United Kingdom pledged billions of dollars to finance avoided deforestation last year, this large-scale, non-market finance has not translated into increased demand among voluntary buyers, though project developers generally see any high-profile recognition of REDD+ as a move in the right direction.³ Project developers continue to look to the public sector as a source of demand as the volume of supply available outpaces private buyers’ demand.

Estimating REDD demand is complicated by political uncertainty over its acceptance and use in new and existing GHG Reductions compliance schemes (“Schemes”). Rules on the types and volumes of offsets that are allowed into Schemes vary, and no regulated market accepts REDD-based credits to date. Future markets may place limits on the use of REDD-based credits or exclude REDD-based credits altogether. These factors create uncertainty in estimating future demand. In the current voluntary market and the

possible future compliance markets, demand for REDD-based credits will not be static and will need to compete, based on price and perceptions of quality, with other credit types. Under current models using the status quo compliance regulatory landscape, the REDD credit market is oversupplied and commentators have projected that the market will continue to be oversupplied throughout the duration of the Notes. The overall demand for carbon offset units and the price of carbon in the carbon markets has declined and may continue to decline, which could affect the price of VCU$s in the secondary market and the value of the Notes.

VCUs are subject to the risk of price fluctuations in the VCU secondary market.

Unlike stocks and bonds, VCU$s do not represent a claim on future revenue streams. In this Series Prospectus, the price of Eligible VCUs is fixed at U.S.$5.00 per Eligible VCU. An indexation factor will not be applied to the price of the Notes throughout their term. Accordingly, holders of Notes or Eligible VCUs are subject to the risk of price fluctuations in the VCU secondary market. The value or trading price of the Notes at any time may reflect changes in market conditions and the market value of VCUs. As a consequence, if the market price of VCUs falls, Eligible VCUs delivered under the Notes may be delivered at a price per Eligible VCU above the market price for VCUs and as such would receive a lower number of VCUs than if VCUs were delivered at a floating rather than a fixed price.

Markit may transfer VCUs that it reasonably suspects have a title flaw to its cancellation account or otherwise prevent the holder from using them.

The VERPA Counterparty may deliver VCUs to which it did not have unencumbered legal and beneficial title and/or the unconditional, undisputed and unencumbered right to claim any (i) benefit arising from the GHG Reductions and/or (ii) VCUs generated by the Project, in each case pursuant to applicable law or statutory, property, customary, common law or contractual right in the land, vegetation or conservational or management process that generates GHG Reductions (where such right includes the right to use such GHG Reductions and the VERPA Counterparty has not been divested of such right). Additionally, the VERPA Counterparty may deliver VCUs for which it did not have an enforceable and irrevocable agreement with the holder of the statutory, property, customary, common law or contractual right in the land, vegetation or conservational or management process that generates GHG Reductions which vest such right to claim in the VERPA Counterparty. In the event Markit forms a reasonable suspicion that the holder of a Markit Environmental Registry Account (“MERA”) does not have full legal and/or beneficial title over the VCUs, or that the VCUs in the MERA are the subject of or become the subject of, a dispute, after giving the holder of the MERA time to show cause, Markit may exercise, among other remedies, the right to cancel the disputed VCUs or permanently suspend the holder’s MERA.

A REDD change in law may affect the production or delivery of VCUs.

Changes in international or Kenyan laws may impose additional processes or requirements on REDD projects which may have a material adverse effect on the volume of VCUs which the Project can generate or result in the mechanism for transfer of VCUs being amended such that the Project is prevented by applicable law from delivering Eligible VCUs to the Noteholders.

Additionally, the National Climate Change Council to be established under the recently enacted Kenyan Climate Change Act (No. 11 of 2016) has the responsibility to, among others, set targets for the regulation of GHG emissions as well as a responsibility to engage in concerted efforts to prevent or slow down the increase of atmospheric GHG concentrations by limiting current or future emissions. Legal obligations may be imposed under the Kenyan Climate Change Act (No. 11 of 2016) or other regulatory regimes that require the VERPA Counterparty to reduce or avoid GHG emissions from the Project. This could either impact the Project’s eligibility to generate Eligible VCUs through the JNR framework (described below), or otherwise.
**Regulation of VCU**s may adversely affect the value of the Notes. If VCU are treated as securities under the Securities Act or if the Notes are treated as a commodity interest under the Commodity Exchange Act, the Corporation may redeem the Notes early.

The Corporation believes that VCU are not currently treated as securities under the Securities Act and that the Notes are not currently treated as a commodity interest under the Commodity Exchange Act, but the Corporation cannot guarantee that they will not be treated as such in the future. In the event the VCU become subject to regulation by the U.S. Securities and Exchange Commission or the Notes become subject to regulation under the U.S. Commodity Futures Trading Commission, such event may affect the value of the Notes. There can be no assurance that regulatory or legislative change will not have an adverse effect on the Notes. These regulations are complex and it is not clear what effect future regulation of VCU would have on the Eligible VCU delivered pursuant to the Notes. In the event that VCU are treated as securities or the Notes are treated as a commodity interest, the Corporation, at its sole discretion, may trigger its option to call the Notes.

**Political and governance changes may affect the production or delivery of VCU**s.

The Kenyan government may nationalize, seize or expropriate Project property (including through the grant to third parties of rights that conflict with the Project’s right to claim any benefit arising from GHG Reductions and/or VCU generated by the Project). This may have a material adverse effect on the volume of VCU which the Project can generate and/or deliver.

**Jurisdictional and Nested REDD+ methodology changes may affect the production of VCU**s.

Many countries are considering the implementation of REDD or REDD+ programs at the regional and state level rather than on a project by project basis. The VCSA’s framework for accounting and crediting REDD+ programs implemented at regional and state levels is set out in its VCS Program document entitled “Jurisdictional and Nested REDD+ (“JNR”) Requirements, Version 3.2”. This establishes a methodology for jurisdictional REDD+ programs and includes a methodology for the incorporation of existing and new subnational jurisdictional activities and projects into, or ‘nesting’ them within a broader jurisdictional REDD+ activity. The Project may be included or ‘grandfathered’ in the future into a jurisdictional REDD+ activity if such activities extend to REDD projects. However, the future application of the VCS JNR framework to the Project is uncertain and may result in an adverse effect on the volume of VCU which the Project may generate.

**Change in VCS Rules or project eligibility under VCS Rules may negatively impact the Project’s eligibility to generate Eligible VCU**s or the volume of Eligible VCU**s the Project can generate.

The VCS Rules in relation to the Project or the calculation of the baseline for emission reduction calculations for the Project could change, which may have an adverse effect on the Project’s eligibility to generate Eligible VCU or the volume of Eligible VCU the Project is capable of generating.

**INDC, NDC, bilateral agreements or multilateral agreements may introduce new obligations mandating the Project which may impact the Project’s ability to deliver Eligible VCU**s.

Parties to the United Nations Framework Convention on Climate Change (the “UNFCCC”) submitted Intended Nationally Determined Contributions (“INDC”) which set out, amongst other things, scope and coverage and methodological approaches for estimating and accounting for anthropogenic GHG emissions and, where appropriate, removals to take place, ahead of a meeting of the parties to the UNFCCC in Paris in November 2015. Unless a Party submits an amended Nationally Determined Contribution (“NDC”) with its instrument of ratification of the Paris Agreement to the UNFCCC, its INDCs will be adopted as its Nationally Determined Contribution going forward. Kenya has not yet submitted an NDC or, as far as the Project is aware, otherwise ratified the Paris Agreement. Actions required to implement Kenya’s emissions reduction target of reducing emissions by 30% by 2030 compared to a business as usual scenario of 143 MtCO₂e may include activities related to forests. Kenya’s INDC includes a mitigation goal of achieving tree cover of 10% of land. It is also noted that existing policies to implement Kenya’s climate change goals
include afforestation and reforestation activities. However, no new measures relating to afforestation or reforestation were set out in the Kenyan INDC. GHG Reductions associated with the Project may be counted towards a national target to reduce emissions, either through their inclusion in an INDC, bilateral or multilateral agreement or accord or contractual arrangement entered into by the host country. Depending on the provisions of the INDC or amended NDC, once submitted to the UNFCC, other multilateral agreement, the Project’s eligibility to generate Eligible VCU's, or the volume of Eligible VCU's generated may be adversely affected by the incorporation of the activity into the INDC/NDC. The Project will be required to provide a legal opinion confirming that the GHG Reductions generated by the Project are not currently counted towards a national target, bilateral or multilateral agreement, accord or contractual arrangement entered into by Kenya.

There is no guarantee that REDD emissions reductions are permanent due to the potential occurrence of events which may cause a ‘Reversal’ of emissions reductions achieved through the destruction of carbon stock.

“Reversal” means an event resulting in net GHG Reductions, taking into account project or program emissions, removals and leakage, in any calendar year being negative, such amount of a reversal being calculated as the difference between the current total to date net GHG benefit of the project or program, compared to the total to date net GHG benefit of the project or program at the previous verification date.

Emissions reductions generated by REDD projects may not be permanent. Events which are beyond the reasonable control of the VERPA Counterparty or due to events not otherwise within the Project’s control, such as natural disasters (including a hurricane, earthquake, flood, drought or tornado) and acts of terrorism, war, civil disorder and revolution may result in destruction of the carbon stock such that net GHG Reductions from the Project, taking into account Project or program emissions, removals and leakage, in any calendar year are negative (i.e. that a Reversal has occurred). Non-permanence risk from such events in REDD projects is addressed through the use of a project risk analysis tool which analyses the internal, external and natural risks to the projects. The risk analysis determines a number of non-tradeable “buffer” credits that a project is required to deposit into a pooled account established for the purpose of covering the non-permanence risk. Buffer credits are cancelled to cover carbon known, or believed, to be lost. As such, the VCU's already issued to projects that subsequently fail are not cancelled and do not have to be “paid back” following a Reversal. Future VCU issuances may be impacted if additional buffer credits are required to replenish the buffer in respect of a Reversal.

Risks Related to the Project

The Project’s VCU's have been committed to other parties and may not be available to meet the Corporation’s requirements for Eligible VCU's.

The Project has also entered into a series of contracts with third parties (such as shareholders in Wildlife Works Carbon LLC (“WWC LLC”)) which either oblige it to sell or reserve a portion of its VCU's generated annually for those third parties. In addition to its obligations to the Corporation pursuant to the VERPA, for the 2014 calendar year, the Project has committed 496,416 VCU's, for the 2015 calendar year it has 612,500 committed VCU's and for the 2016 through 2020 calendar years it has 362,500 committed VCU's each year. With projected generation rates of approximately 1,400,000 VCU's per year or 2,800,000 per Generation Period, net of the pooled “buffer” credits deducted and held by the VCSA to cover the risk of unforeseen losses in carbon stocks, the Project anticipates it will be able to satisfy its third-party requirements as well as meet the Annual Quantity and the Maximum Annual Option Quantity of VCU’s provided for in the VERPA. The Project’s Annual Quantity that the Corporation anticipates will be delivered is up to 480,000 Eligible VCU’s with the Maximum Annual Option Quantity of up to an additional 480,000 Eligible VCU’s. In respect of the first Delivery Date, in which the residual volume available for delivery to the Corporation is smallest due to commitments to third parties being greater in this period, the Corporation and the Project have agreed in the VERPA that Eligible VCU’s issued in respect of GHG reductions which occurred in calendar year 2014 will also be accepted to satisfy the Annual Quantity, thereby further increasing the volume of Eligible VCU’s available for delivery to the Corporation.
As detailed further in “Project—Material Agreements” below, New Resource Bank holds a lien over WWC LLC’s assets, charged pursuant to a security agreement in relation to a loan agreement between New Resource Bank and WWC LLC. As the lien covers all of the assets of WWC LLC, this includes VCU deposits to the extent permissible under the applicable law. The Project Manager has informed the Corporation that WWC LLC will either secure a release of the lien over VCU deposits and the right to claim the benefit of GHG Reduction credits or repay any of the outstanding credit by New Resource Bank prior to delivery of Eligible VCU deposits under the VERPA. It is also a condition precedent to payment by the Corporation under the VERPA that the Corporation has received such a lien release to its satisfaction.

In addition to the commitments discussed above, WWC LLC has entered into an agreement with a third party (the “Escrow Holder”) pursuant to which it has agreed to pay to the Escrow Holder EUR1.9 million in aggregate in three installments (due in 2017, 2018 and 2019) plus interest in order to obtain release of future delivery obligations in respect of VCU deposits from the Project. The payment obligation is supported by an escrow arrangement with the Escrow Holder for 900,000 2012 calendar year VCU deposits (which in any event do not form part of the Eligible VCU deposits) which will be released to the Escrow Holder in the event of non-payment by WWC LLC. The Escrow Holder does not have any rights to receive Eligible VCU deposits. While the 2012 calendar year VCU deposits are not deliverable to the Corporation, the VCU deposits in the escrow account pursuant to this arrangement might have otherwise been eligible for delivery to a third party which could leave fewer more recent calendar year VCU deposits available for delivery to the Corporation.

The Project may not have the right to claim GHG Reductions in the future.

Currently, there is uncertainty as to whether Parliamentary ratification is required to convey any interest in natural resources in Kenya. There is a risk that the Kenyan government may claim that any grant of rights to natural resources granted after 2010 is invalid as a matter of Kenyan law due to the lack of ratification, which would revoke the claim of the lessors, the Ranch Owners (as defined below), that hold leases to the properties underlying the Project to the GHG Reductions associated with their land. This in turn causes a risk that the Project may not be able to evidence right of use over the leased properties and thus the concessions and would be unable to generate new VCU deposits. This would not impact Eligible VCU deposits which have already been delivered to Noteholders, however it could potentially impact future VCU issuances.

The Ranch Owners may not hold title to the property underlying the Project.

The property upon which the Project is based is comprised of 15 tracts of land held by 14 companies and one individual (the “Ranch Owners”), all under leases. Under the VERPA, the Ranch Owners must hold title to their leasehold interests to be able to assert that they hold the right to claim the benefit of the GHG Reductions. Specific issues which exist with respect to the title claims to the properties include, but are not limited to: (1) the leasehold interests of four of the properties are close to expiration (two of which are likely to expire within the lifetime of the Notes although it is expected that such leases would be renewed, but assurances as to such renewals cannot be made) and may be difficult to renew as a practical matter as the regulations governing renewals have not yet been enacted; (2) two of the Ranch Owners, the Dawida and Washumbu ranches, hold letters of allotment, which are statements of intention of the government to allocate land, and not leases to their properties which means they do not have the right to grant any rights over the land to the Project, see “The Project—Material Agreements—VERPA”; and (3) there are squatters on at least one of the properties who may acquire possession of the property via adverse possession. If (i) an expired lease is not renewed, (2) the Dawida or Washumbu ranches do not procure valid leases pursuant to their letters of allotment, or (3) the squatters are successful in their claims, the relevant Ranch Owner will lose their rights of ownership in the relevant properties which will nullify any agreements in relation to GHG Reductions from which those properties benefit.

There is also no automatic right of renewal where a leasehold interest from the government expires. Given the above, there is a risk that the property rights underlying the Project (and through them the Project’s right to claim the benefit of GHG Reductions) may not be valid or renewed upon their expiration. This in turn causes a risk that the Project may not be able to evidence right of use over the concessions. If
any of the aforementioned risks results in defective legal title to the VCU, the Corporation shall have contractual warranties against the Project, but the VCU which have been delivered to those Noteholders who elected to receive delivery of Eligible VCU may not be valid.

**The Project has no legal right to prevent the Ranch Owners from selling the land underlying the Project to a third party.**

The Project has entered into “easements” with each of the Ranch Owners through which it claims to have bought the right to claim the GHG Reductions. However, under Kenyan law, environmental easements that run with the land can only be created through a court procedure and the completion of a registration process. Standard easements can only be created if they do not confer economic benefit to a third party. What the Project refers to as “easements” function only to create contractual obligations between the Project and the current Ranch Owners. There is therefore a risk that the properties will be sold, thereby terminating the Project’s contractual right to claim the benefit of the GHG Reductions, and leaving it unable to generate and/or deliver Eligible VCU.

*Funding for the alternate livelihoods for local residents, which prevents them from destroying the forests, may terminate.*

There are four distinct legal entities involved in the operation and maintenance of the Project: Wildlife Works Sanctuary Limited is responsible for implementation of the Project in Kenya, Wildlife Works (Export Processing Zone) Limited provides alternate livelihoods for local women to prevent them from selling charcoal generated by deforestation and Wildlife Works Inc. (“WWI”) and WWC LLC have contracted with the Ranch Owners to obtain the right to benefit from the GHG Reductions related to the properties that form the Project. There does not appear to be at the date hereof a documented contractual relationship between these entities. Thus, there is no contractual guarantee that the entity responsible for the operational implementation of the Project or the entity established to provide alternate livelihoods for local women to prevent them from selling charcoal generated by deforestation will continue operating as they do currently. If any entity comprising part of the Project ceases to fulfil its current role, there is a risk that the Project will be unable to deliver the requisite quantity of Eligible VCU to the Corporation for delivery to Noteholders electing to receive them in respect of an Interest Payment Date.

*The entity which runs the Project has plans to expand its operations without a recent business plan.*

WWC LLC’s business plan was last updated in 2014. Nonetheless, WWC LLC has expressed its aim to expand its operations by developing new REDD projects in various countries. It has already expanded its operations to the Democratic Republic of Congo and has also expressed an intention to implement a third phase, expanding the area of the Kasigau corridor. Although not yet started, WWC LLC has also expressed an intention to develop new REDD projects in Cambodia, Panama, Indonesia, and India. Such expansion without a recent business plan may divert financial and human resources away from the Project and there is a risk that the Project will be unable to deliver the requisite quantity of Eligible VCU to the Corporation for delivery to Noteholders electing to receive them in respect of an Interest Payment Date.

*The Project supports and manages numerous social projects which are not financially self-sustainable.*

The Project depends solely on revenue from sales of VCU to fund its operating expenses. Whilst these are intended to be profitable, none of the social projects have yet generated break-even revenues, and are thus considered to be cost centers. Historically, the Project has spent 70% of carbon revenue on social projects. If the cost of these social projects continues to rise and revenues from the sale of VCU are unable to cover such costs, the Project may collapse which may reduce or fully prohibit the generation of Eligible VCU. If such reduction or total prevention results, the Project will not be able to deliver the quantity of VCU required by the Corporation for delivery to Noteholders and Noteholders electing to receive Eligible VCU may not receive the full amount of expected Eligible VCU or any Eligible VCU at all.
Verification/Validation bodies may not validate or verify the Project in the future and such determination is binding.

The VERPA Counterparty has engaged a validation/verification body to determine if the Project meets the GHG Reductions criteria detailed in the VCS Rules and Climate, Community and Biodiversity Standards ("CCBS") as specified in the VERPA entered into between the Corporation and the VERPA Counterparty. The verification body is an organization approved to act as a validation body in respect of providing validation or verification services in accordance with the VCS Rules and CCBS.

The validation/verification body shall determine whether the Project meets the requirements of the VCS Rules and is eligible to have VCUs issued and delivered to the Noteholders electing to receive delivery of Eligible VCUs in respect of an Interest Payment Date. Under the VERPA, the Project must also have obtained its “CCBS Validation” which is effectively a confirmation by an approved auditor that the design of the relevant land management project is in accordance with the VCS Rules for the use of the CCBS. CCBS Validation is evidenced by the publication on the Climate, Community and Biodiversity Alliance website of the approved auditor’s validation report and validation statement, confirming that the Project satisfied the CCBS. Under the VERPA, where the relevant CCBS Validation occurred at least 5 years ago, “CCBS Verification” of the Project must occur for the current period. This constitutes verification of the Project’s delivery of net climate, community and biodiversity benefits in accordance with the Project’s design by an approved auditor in accordance with the Rules for the Use of the CCBS and the issuance by the approved auditor of a verification statement, confirming that the Project satisfies the CCBS. Failure to procure that the Project satisfactorily completes a CCBS Verification will be an event of default under the VERPA.

An unfavorable determination of the validation/verification body or approved auditor is binding on the Project. The validation/verification body will require the Project to provide, among other things, evidence of right of use (defined by the VCS Rules as “in respect of a greenhouse gas emission reduction or removal, the unconditional, undisputed and unencumbered ability to claim that the relevant project…will or did generate or cause such reduction or removal”). If the Project is unable to provide such evidence, it will not be verified as meeting the VCS Rules requirements and consequently will be ineligible to have Eligible VCUs issued and delivered to Noteholders electing to receive Eligible VCUs in respect of an Interest Payment Date.

Events that are out of the VERPA Counterparty’s control may reduce or fully prohibit the generation of VCUs going forward.

Events such as natural disasters (including a hurricane, earthquake, flood, drought or tornado) and acts of terrorism, war, civil disorder and revolution which are beyond the reasonable control of the VERPA Counterparty or due to events not within the Project’s control may reduce or fully prohibit the generation of Eligible VCUs. If such reduction or total prevention results, the Project will not be able to deliver the quantity of Eligible VCUs required by the Corporation for delivery to Noteholders and Noteholders electing to receive delivery of Eligible VCUs in respect of an Interest Payment Date may not receive the full amount of expected Eligible VCUs or any Eligible VCUs at all.

Michael Korchinsky (the “Project Manager”) may not be able to continue to devote substantially all of his time to the affairs of the Project.

The Project Manager plays a central role in the implementation and management of the Project. If the Project Manager were to be unable to devote substantially all of his business time to the affairs of the Project due to death, permanent disability, incapacity or any other reason, this could have a material impact on the ability of the Project to generate Eligible VCUs required to be delivered under the VERPA. Though a succession plan dealing with such risk to the satisfaction of the Corporation is a condition precedent to any sale or deliveries by the Project of Eligible VCUs under the VERPA, there can be no guarantee that such succession plan addresses the risk posed by the Project Manager’s discontinued involvement in the Project or is put in place at all.
**Risks Related to Taxation**

*U.S. Holders will be required to accrue interest on the Notes and will recognize ordinary income upon a sale, exchange, redemption or other taxable disposition of the Notes at a gain.*

The Corporation and each beneficial owner of the Notes will agree in the Terms Agreements (as defined in “Plan of Distribution”) to treat the Notes as “contingent payment debt instruments” for U.S. federal income tax purposes. As a result, a U.S. Holder will be required to accrue interest, regardless of its method of accounting for U.S. federal income tax purposes, on a constant yield basis at a rate comparable to the rate at which the Corporation would borrow in a fixed-rate, non-contingent borrowing but with terms similar to the Notes. In addition, a U.S. Holder generally will recognize ordinary income upon a sale, exchange, redemption or other taxable disposition of the Notes at a gain. Noteholders are urged to consult their own tax advisors as to the U.S. federal, state and other tax consequences of acquiring, owning and disposing of the Notes. See “Taxation—Certain U.S. Federal Income Tax Considerations”.

USE OF PROCEEDS

The net proceeds of the sale of the Notes will be used for the general operations of the Corporation in accordance with its Articles of Agreement. The net proceeds of the sale will not be used for the purchase of VCU's or to finance the Project and is not otherwise restricted.
EMISSIONS REDUCTIONS MARKET

The Compliance Market

The UNFCCC was agreed in 1992 and established a framework for stabilizing global GHG emissions. The Kyoto Protocol, agreed in 1997, was adopted under the UNFCCC and came into force in 2005. The Kyoto Protocol created legally binding targets for GHG Reductions for developed or “Annex I” countries. The targets were based on the Annex I country emissions in 1990 and took the form of an obligation to limit their average emissions of GHGs initially over the period 2008-2012 to a specified percentage of 1990 levels. At the 2012 conference in Doha a second commitment period from 2013-2020 was adopted for Annex I countries who agreed to take on new targets.

Each Annex I country was required to calculate an overall volume of GHG emissions that it was permitted to emit during the 2008-2012 period. The volume was then converted into a number of Assigned Amount Units (“AAUs”), each AAU representing the ability of the signatory to emit one ton of CO₂. Further units were issued representing the removal of GHGs from the atmosphere during the same period and were called Removal Units (“RMUs”).

Each Annex I country could supplement or increase their original allocation of AAUs and RMUs by obtaining Certified Emission Reduction Units (“CERs”) from Clean Development Mechanism projects and Emission Reduction Units (“ERUs”) from Joint Implementation projects and with AAUs, RMUs, CERs or ERUs purchased from other Kyoto Protocol signatories. Together with Emissions Trading (which was permitted from 2008 onwards), the Clean Development Mechanism and Joint Implementation constitute market or “flexible” mechanisms designed to help Annex I countries achieve the targets set under the Kyoto Protocol. As such, the UNFCCC framework established a compliance market for the creation and trading of carbon credits.

The Voluntary Carbon Markets

In the voluntary carbon markets, governments, companies and individuals choose to purchase carbon credits to mitigate their own GHG emissions whether from transport, power consumption or other functions. Such carbon credits are traded over-the-counter, and often directly between the project developer and buyer. Voluntary credits are not eligible for compliance under the Kyoto Protocol or the EU Emissions Trading System and cannot be used in other equivalent schemes. Although the voluntary carbon market both pre-dates and exists separately from the compliance market, the major voluntary standards (e.g. the VCS) used for the voluntary carbon markets reflect aspects of the UNFCCC framework in relation to the credit creation process. Generally speaking, as for carbon credits traded in the compliance market, voluntary market carbon credits must be real, measurable, permanent, additional to emission reductions which have already been achieved and independently verified.

Voluntary buyers have spent nearly U.S.$4.6 billion on transacted offsets, with 994 MtCO₂e transacted volume over time.

REDD and REDD+

Deforestation and forest degradation, through agricultural expansion, conversion to pastureland, infrastructure development, destructive logging and fires account for nearly 20% of global GHG emissions, which is more than the entire global transportation sector and second only to the energy sector. In order to

---

4 The Clean Development Mechanism enabled developed countries to contribute to lowering greenhouse gas emissions through the joint implementation of projects using clean technologies in developing countries where the costs of reducing emissions may be lower.
5 Joint Implementation allows an Annex I country to earn ERUs from an emission-reduction or emission removal project in another Annex I country, each equivalent to one ton of CO₂, which can be counted towards meeting its Kyoto target.
constrain the impacts of climate change within limits that society will reasonably be able to tolerate, the global average temperatures must be stabilized within two degrees Celsius above pre-industrial levels. This will be practically impossible to achieve without reducing emissions from the forest sector, in addition to other mitigation actions. In 2014, projects that avoid or prevent deforestation remained the top-selling voluntary offset project type, supplying and transacting a record 25 MtCO\textsubscript{2e}. Only wind with 12.7 MtCO\textsubscript{2e} in sales was larger than REDD+ in terms of volume transacted in 2015.

“REDD+” goes beyond deforestation and forest degradation, and includes the role of conservation, sustainable management of forests and enhancement of forest carbon stocks. The VCS Program definitions v3.5 define REDD+ as “Activities that reduce greenhouse gas emissions from deforestation and/or degradation by slowing or stopping conversion of forests to non-forest land and/or reducing the degradation of forest land where forest biomass is lost; and/or activities that enhance carbon stocks through improved forest management and/or afforestation, reforestation or revegetation”. The definition of what constitutes a REDD+ project is open to interpretation and in some contexts the terms ‘REDD’ and ‘REDD+’ have been used interchangeably. In the market, the term ‘REDD+’ is often used to describe a REDD project which incorporates community benefits and sustainable management practices. REDD credits have been the most commonly transacted offsets over the course of the past decade and in 2014, 25 MtCO\textsubscript{2e} were transacted. Prices of REDD credits rose slightly in 2014 to U.S.$4.3/tCO\textsubscript{2e} but dropped in 2015 to U.S.$3.3/tCO\textsubscript{2e}. As of 2011, the estimated financing required to reduce deforestation by 50% by 2020 is approximately U.S.$75 to U.S.$300 billion and less than 1% is currently in place. Offsets from avoided “unplanned” deforestation projects (where the drivers of deforestation are typically small-holder agriculture or illegal logging) earned higher prices (U.S.$5.4/ton, on average) compared to avoided “planned” deforestation projects (U.S.$1.9/ton). However, there is currently an oversupply of REDD projects delivering credits relative to demand.

**COP 21**

Since 2007, representatives of states which are party to the UNFCCC have met annually (at the “Conference of the Parties” to the UNFCCC or “COP”) to review and discuss the replacement of the Kyoto Protocol as part of the implementation of the UNFCCC. The COP has adopted legal instruments and made decisions to promote such implementation. A new universal agreement on climate change was agreed at COP 21, held from November 30 to December 11, 2015 in Paris, France, whereby all signatories agreed to take action to reduce emissions and hold the world to well below 2°C of global warming, and to pursue efforts to limiting warming to 1.5°C. Article 5 of the Paris Agreement provides that Parties are encouraged to take action to implement and support (i) policy approaches and positive incentives for activities relating to reducing emissions from deforestation and forest degradation, and the role of conservation, sustainable management of forests and enhancement of forest carbon stocks in developing countries and (ii) alternative policy approaches, such as joint mitigation and adaptation approaches for the integral and sustainable management of forests, while reaffirming the importance of incentivizing, as appropriate, non-carbon benefits associated with such approaches. The Paris Agreement has been ratified by the requisite 55

---


countries accounting for 55% of emissions, including the European Union, the United States, India and China and will come into force 30 days from receipt of the EU ratification.

As noted in the “Risk Factors” section above, the measures adopted by Kenya to implement its INDC submitted at COP 21 may include activities related to forests and as such there is a risk (particularly where a country which is hosting a project makes such an INDC) that historical and future VCU will be expropriated.
THE ISSUANCE

The Notes are a new product for the Corporation. The Notes pay interest at a fixed rate until maturity. However, a Noteholder can elect each year to receive its annual coupon for that year in respect of each Note that it owns in the form of carbon credits by receiving delivery of a number of Eligible VCU rather than cash. In this way, a Noteholder can calibrate its desired exposure to carbon credits on an annual basis, with cash paid for those Notes in respect of which no election to receive carbon credits is made. The concept was developed by the Corporation in conjunction with BHP Billiton and BHP Billiton’s price support arrangement with the Corporation is essential to the ability of the Corporation to structure the Notes in this way. BHP Billiton played an integral role alongside the Corporation in identifying potential projects (and ultimately the Project), along with advisers, Conservation International. Conservation International is providing input to BHP Billiton with respect to conservation and REDD matters and will facilitate the exchange of lessons learned and best practices on REDD projects. The Corporation also has experience in the carbon markets. Some of their experience includes the following: the Corporation managed two facilities from 2002-2014 to purchase carbon credits for the benefit of the Government of the Netherlands which committed U.S.$135 million in 12 transactions; from 2007-2013, the Corporation completed three innovative carbon delivery guarantee transactions with structured carbon finance exposure for its own account; in 2011, the Corporation launched a €150 million post-2012 carbon facility to be managed by the Corporation and in which the Corporation itself committed €15 million, the balance was raised from European private sector companies including Shell and JP Morgan; and the Corporation is a shareholder in BioCarbon, a company established in 2011 to invest in projects in emerging markets for the generation of forest carbon credits that can be sold in the voluntary market. The Notes are intended to facilitate private sector investment in the REDD market by providing access through a capital markets product to carbon credits in a manner that can be replicated by other issuers for other REDD and REDD+ projects.

The Eligible VCU s to be delivered to Noteholders electing to receive them are bought and paid for by the Corporation at a fixed price. To the extent that Noteholders do not elect to receive delivery of Eligible VCU s, the Corporation will still purchase such Eligible VCU s from the Project and will put them to BHP Billiton at the same fixed price. Thus, both the Project and the Corporation have the benefit of price support from BHP Billiton. With this price support, the Project is assured that it will sell at least the Annual Quantity of VCU s each year, which provides the Project with an assured cash flow in support of its work in generating additional VCU s. In addition, BHP Billiton has the option to require the Corporation to purchase additional VCU s (up to 480,000 per year) from the Project for delivery to and payment by BHP Billiton. Although BHP Billiton is providing this price support, BHP Billiton is not an obligor of any kind on the Notes, which remain the sole liability of the Corporation, and Noteholders will not be exposed to any BHP Billiton credit risk in relation to its performance of its obligations because it has prefunded to the Corporation the maximum amount of the price support that it is providing for the duration of the Notes.

The structure of the Notes and the carbon credit support provided by BHP Billiton to the Corporation reflect the commitment of the Corporation and BHP Billiton to support the carbon credit and REDD markets. The Corporation has been a major issuer in the green bonds market. The work by BHP Billiton in helping to develop the Notes is part of the company’s wider commitment to responsible environmental management.
PROJECT

Overview

The Project applies VCS REDD methodology VM0009, which was developed by WWC LLC but approved by the VCS and is subject to verification by an independent third party, to quantify net GHG Reductions and removals from the Project activities that prevent conversion of forest to non-forest and of native grassland and shrubland to a non-native state. The complementary CCBS validation and verification confirms the community benefits and sustainable management practices of, and thereby verifies certain characteristics of, the Project. Such elements are common to REDD+ projects. Given the inclusion of these elements in the Project, numerous entities active in the REDD/REDD+ field refer to the Project as REDD+ qualifying15 which is further supported by its recent verification as Climate Adaptation and Biodiversity Gold Level by the Climate, Community and Biodiversity Alliance. A key differentiator between REDD and REDD+ projects is the presence of social project impacts. As discussed further below, the Project generates a number of such socio-economic benefits through its various community initiatives. Therefore, the Project Owners consider the Project to be REDD+. Additionally, the Project currently sells VCU3 in the REDD+ market. However, the Project is not recognized by VCS as a REDD+ project.

The Project is intended to reduce emissions from deforestation and forest degradation and: (i) is registered in accordance with the VCS Rules; (ii) is eligible to generate VCU3s; (iii) applies a VCS approved methodology; (iv) generates and transfers VCU3s through the selected VCS Registries; and (v) has issued VCU3s in respect of GHG reductions which have occurred since 2005, in respect of Phase I and since 2010 in respect of Phase II. The Project has also been verified as CCBS Second Edition, Climate Adaptation and Biodiversity Gold Level. Gold Level status is awarded to projects that satisfy one of several optional criteria by providing exceptional benefits including explicit design for adaptation to climate change, benefits for globally poorer communities, or conservation of biodiversity at sites of global conservation significance. The Biodiversity Gold Level of the CCBS is used to identify and promote projects that conserve biodiversity in areas that qualify as Key Biodiversity Areas (“KBAs”). KBA is the designation by the International Union for the Conservation of Nature for sites of global significance for biodiversity conservation comprising an ‘umbrella’ which includes globally important sites for different organisms. The Climate Adaptation Gold Level of the CCBS is used to identify and promote projects that provide significant support to communities and/or biodiversity to adapt to anticipated climate change impacts and risks. It requires that likely regional or sub-national climate change and climate variability scenarios and anticipated impacts on communities and biodiversity are identified and assessed. Measures to assist communities and/or biodiversity to adapt to the probable impacts of climate change must be identified and implemented and their effectiveness must be monitored.

Except as described herein (see—Risk Factors—The Project has no legal right to prevent the Ranch Owners from selling the land underlying the Project to a third party) the Project will provide evidence that it has: (i) immediately before delivery unencumbered legal and beneficial title to the VCU3s generated by the Project and the unconditional undisputed and unencumbered right to claim any benefit arising from GHG Reductions and VCU3s generated by the Project pursuant to applicable law including statutory, property, customary, common law or contractual right in the land, vegetation or conservation or management process that generates GHG Reductions or an enforceable agreement with the holder of such a right which vests such right to claim in the VERPA Counterparty; (ii) capacity to generate the Annual Quantity plus Maximum Annual Option Quantity in addition to VCU3s required to be delivered under third party contracts each year during the life of the Notes; and (iii) undertaken a permanence risk assessment and effective stakeholder engagement.

15 CCBS, Carbonneutral.com, climatefriendly.com and Code REDD (a nonprofit organization whose mission is to support and scale the REDD+ mechanism to realize its full potential) all refer to the Project as being a REDD+ project. http://www.coderedd.org/redd-project/wildlife-works-carbon-kasigau-corridor/#!v8aeqbTrvcs.
A third party will validate and verify the Project’s compliance with the CCBS. An annual monitoring report will address the specific environmental and developmental impact of the Project’s outcomes for the year.

Material Agreements

**VERPA**

In order for the Project to sell Eligible VCU s to the Corporation, the VERPA Counterparty and other relevant participants must meet specified VCS criteria and provide sufficient evidence of its power and authority to enter into the VERPA for the duration of the Notes to sell VCU s to the Corporation. The Corporation will enter into the VERPA relating to the Project pursuant to which the Corporation expects to buy Eligible VCU s from the Project at a fixed price of U.S.$5.00 per VCU. Under the VERPA, the Corporation expects to purchase the Project’s Annual Quantity and Maximum Annual Option Quantity or part thereof which the Project has generated. The Project’s Annual Quantity is up to 480,000 VCU s, and the Maximum Annual Option Quantity is up to 480,000 VCU s.

Any Eligible VCU s generated in respect of a Generation Period that become available after the specified cut-off date, whether delayed because of force majeure or otherwise, will be deemed not to have been received during such Generation Period and will not be available for delivery or monetization to the Noteholder in respect of the Interest Payment Date corresponding to such Generation Period.

If a VCU shortfall occurs, each Noteholder who has elected to receive delivery of VCU s in respect of an Interest Payment Date will receive a pro rata portion of available Eligible VCU s per Specified Denomination from the Corporation and each such Noteholder will receive a cash payment applied to the balance of the accrued interest for each such Specified Denomination held by such holder to make up the shortfall.

The VERPA also includes provisions standard to the Corporation regarding business integrity, sanctionable practices and anti-corruption, compliance with IFC Performance Standards on Environmental and Social Sustainability (2012) (the “IFC Performance Standards”, each a “Performance Standard”) and reporting during the life of the VERPA. In order to ensure eligibility for issuance, the VERPA also requires Eligible VCU s delivered under the agreement to satisfy VCS and CCBS requirements, as applicable. The VERPA further helps the Corporation to provide ongoing information to the Noteholders regarding the Project.

The VERPA includes requirements that the Project meet certain GHG Reduction criteria. The VERPA Counterparty must engage an independent third party verification body approved by the VCSA to act as a validation body to provide validation or verification services to ensure the Project meets its VCS requirements. The verification body will determine whether the Project meets the VCS requirements and is therefore qualified to sell its Eligible VCU s to the Corporation for the purposes of the Notes. The verification body will not determine whether VCU s issued by the Project are eligible for delivery to the Corporation. Under the VERPA, the Project must also maintain its CCBS Validation and its CCBS Verification. The Project will appoint a CCBS approved auditor each year to validate and verify that the Project meets CCBS. The Project must also implement a monitoring plan and monitor GHG Reductions in accordance with such monitoring plan. As part of the monitoring plan, the VERPA Counterparty must arrange verification at least once every two calendar years of any GHG Reductions generated by the Project and if reasonably practicable, break down the generation of GHG Reductions and VCU s by calendar year.

The VERPA Counterparty and the Corporation must also develop a benefit-sharing plan setting out how the VERPA Counterparty and any relevant third-party stakeholders will share in the monetary and non-monetary benefits generated by the implementation and operation of the Project. Those beneficiaries include stakeholders such as forest-dependent communities. The VERPA Counterparty is required to share some of the monetary and non-monetary benefits with the stakeholders. The monetary benefit is derived from the sale of VCU s by the VERPA Counterparty. The VERPA Counterparty is required to use its reasonable efforts to enhance the monetary and non-monetary benefits generated by the Project and will
provide information on its efforts annually by way of a benefit-sharing plan approved by the Corporation and BHP Billiton.

The Dawida and Washumbu ranches (which have been included in the verified Project boundary) currently hold valid letters of allotment from the Government of Kenya with respect to their properties which enable them to obtain legal title to such properties by payment of a fee. The VERPA Counterparty is required to either hold or sell to third parties a pro rata share of the verified volume of GHG Reductions generated by the Project attributable to the Dawida and Washumbu ranches, indicating to such third parties the legal status of the underlying land titles relating to such ranches, until the VERPA Counterparty provides evidence to the Corporation that Kenyan counsel is satisfied that the Government of Kenya has allocated full legal title with respect to either or both ranches. VCU s attributable to ranches for which such evidence has been provided may then be delivered to the Corporation in accordance with the VERPA, but not before such evidence is provided. In relation to the Phase I property, due to ambiguity in the wording of the lease, the remaining leasehold term is unclear. Therefore, it is a condition precedent to payment by the Corporation under the VERPA that the VERPA Counterparty has procured that the owner of such property, Rukinga Ranching Company Limited, has lodged a formal application with the relevant competent authority for the extension of the leasehold term for the relevant land and paid the necessary application fees and/or incidental costs payable for the application for extension of lease for such land.

The Corporation has a right to terminate the VERPA in the following instances: unremedied breach of a covenant or term of the VERPA, failure to deliver Eligible VCU s required under the VERPA, delivery of Eligible VCU s without free and marketable title, a representation or warranty proves to be false or misleading in a material respect, insolvency, repudiation of the VERPA, entering into arrangements by WWC LLC that may compromise its ability to perform its obligations under the VERPA, failure to pay replacement costs associated with a shortfall in the Eligible VCU delivery amount, Reversal of a reduction in GHG emissions, failure to complete a CCBS verification, cancellation by the Markit VCS Registry of VCU s delivered to the Corporation, BHP Billiton or a Noteholder, violation of anti-corruption laws, failure by the Corporation to comply with its payment obligations under the VERPA and the occurrence of a change of control. WWS (as defined below) will be required to pay the losses of the Corporation on termination of the VERPA.

The VERPA may be terminated in the following circumstances: (i) expropriation or other action by an authority which would prevent a Project Owner from carrying out the Project or otherwise performing its obligations under the VERPA; (ii) upon a default or termination right arising under the Notes or BHP Billiton’s price support arrangement with the Corporation; (iii) a Reversal outside the reasonable control of the Project such as a natural disaster or an act of terrorism; (iv) the application of a “jurisdictional nested REDD” program (this being assessed as further described in the VCS Program document entitled “Jurisdictional and Nested REDD+ (JNR) Requirements version 3.2”) by the VCSA or the Government of Kenya or any other authority with jurisdiction over the Project, resulting in a material impact on quantities of VCU s that can be transferred under the VERPA; (v) following the Project’s failure to satisfy all conditions precedent to the VERPA within 12 months from the date of VERPA; and/or (vi) the VERPA or provisions thereof becoming unlawful or void.

A condition precedent to the sale or delivery of Eligible VCU s by the VERPA Counterparty under the VERPA is that the VERPA Counterparty must have submitted a succession plan to the satisfaction of the Corporation dealing with the Project Manager’s death, permanent disability, incapacity or failure to devote substantially all his business time to the affairs of the Project.

Lien

New Resource Bank holds a lien which expires on 18 June 2020, over all of WWC LLC’s assets charged under a security agreement dated June 11, 2015 in relation to a loan agreement between New Resource Bank and WWC LLC. As the lien covers all of the assets of WWC LLC, this includes VCU s to the extent permissible under the applicable law. This lien would give New Resource Bank priority over the Corporation, to receive VCU s. The Project Manager has informed the Corporation that WWC LLC will
either secure a release of the lien over VCU and the right to claim the benefit of GHG Reductions or close the credit line with New Resource Bank prior to delivery of VCU under the VERPA. It is also a condition precedent to payment by the Corporation under the VERPA that the Corporation has received details of WWC LLC’s lien release, to its satisfaction.

**Reporting**

The Project will provide an annual report regarding the annual VCU generation, total cumulative VCU generation and amount of Eligible VCUs delivered to Noteholders. The report will also contain information on the size of the area protected by the Project. These reports will be available for investors to review on the Corporation’s website at ifc.org/investors.

**Available VCUs**

The table below sets out information related to Eligible VCUs by the Project:

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Phase I</td>
<td>218,260</td>
<td>200,000</td>
<td>200,000</td>
<td>200,000</td>
<td>200,000</td>
<td>200,000</td>
<td>200,000</td>
<td>200,000</td>
</tr>
<tr>
<td>Phase II</td>
<td>1,339,160</td>
<td>1,200,000</td>
<td>1,200,000</td>
<td>1,200,000</td>
<td>1,200,000</td>
<td>1,200,000</td>
<td>1,200,000</td>
<td>1,200,000</td>
</tr>
<tr>
<td><strong>Total Eligible VCU generation</strong></td>
<td>1,557,420</td>
<td>1,400,000</td>
<td>1,400,000</td>
<td>1,400,000</td>
<td>1,400,000</td>
<td>1,400,000</td>
<td>1,400,000</td>
<td>1,400,000</td>
</tr>
<tr>
<td>Committed VCU</td>
<td>496,416</td>
<td>612,500</td>
<td>362,500</td>
<td>362,500</td>
<td>362,500</td>
<td>362,500</td>
<td>362,500</td>
<td>362,500</td>
</tr>
<tr>
<td>Available Eligible VCUs per year</td>
<td>1,061,004</td>
<td>787,500</td>
<td>1,037,500</td>
<td>1,037,500</td>
<td>1,037,500</td>
<td>1,037,500</td>
<td>1,037,500</td>
<td>1,037,500</td>
</tr>
</tbody>
</table>

The table below sets out information related to Eligible VCUs anticipated to be available for delivery per year by the Project:

<table>
<thead>
<tr>
<th>Eligible VCU available for delivery per year</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>First year Eligible VCU available for delivery(1)</td>
<td>1,848,504</td>
<td>865,000</td>
<td>942,500</td>
<td>1,020,000</td>
<td>1,037,500</td>
</tr>
<tr>
<td>Second year Eligible VCU available for delivery(2)</td>
<td>1,037,500</td>
<td>1,037,500</td>
<td>1,037,500</td>
<td>1,037,500</td>
<td>1,037,500</td>
</tr>
<tr>
<td><strong>Total Eligible VCU available for delivery</strong></td>
<td>2,886,004</td>
<td>1,902,500</td>
<td>1,980,000</td>
<td>2,057,500</td>
<td>2,075,000</td>
</tr>
<tr>
<td>Annual Quantity VCUs (5)</td>
<td>480,000</td>
<td>480,000</td>
<td>480,000</td>
<td>480,000</td>
<td>480,000</td>
</tr>
<tr>
<td>Maximum Annual Option Quantity (5)</td>
<td>480,000</td>
<td>480,000</td>
<td>480,000</td>
<td>480,000</td>
<td>480,000</td>
</tr>
<tr>
<td>Residual Eligible VCUs (6)</td>
<td>1,926,004</td>
<td>942,500</td>
<td>1,020,000</td>
<td>1,097,500</td>
<td>1,115,000</td>
</tr>
</tbody>
</table>

(1) This amount corresponds to the Eligible VCUs issued in respect of GHG Reductions which occurred in the first year of the Generation Period.

(2) This amount corresponds to the Eligible VCUs issued in respect of GHG Reductions which occurred in the second year of the Generation Period.

(3) For the Delivery Date in 2017, the VERPA Counterparty may deliver Eligible VCUs issued in respect of GHG Reductions which occurred in 2014, 2015 and 2016 in order to meet its obligations under the VERPA.
However, VCU s generated in 2014 can be used only to the extent that Eligible VCUs from two immediately preceding calendar years are less than the amount of the Annual Quantity VCUs and the amount of Annual Option Quantity VCUs that are exercised. 787,500 Eligible VCUs were issued in respect of GHG Reductions which occurred in 2015 and 1,061,004 Eligible VCUs were generated in 2014 for a total of 1,848,504 Eligible VCUs available from 2014 and 2015.

(4) For the Delivery Dates in 2018 through 2021, the Generation Period consists of the two immediately preceding calendar years.

(5) The volume of Annual Quantity VCUs and Maximum Annual Option Quantity are up to 480,000 Eligible VCUs, respectively.

(6) Calculation of Residual Eligible VCUs volume assumes that the full volume of First Year Eligible VCUs shown in row one remains available for delivery throughout the period.

(7) All Eligible VCUs generated in the first calendar year of each two-year Generation Period may be delivered on each Delivery Date and (for the avoidance of doubt) any residual VCUs generated prior to the relevant Generation Periods (and therefore not Eligible VCUs) are not carried over and included in this calculation. The Project is not obligated under the VERPA to deliver Eligible VCUs from the most recent calendar year within a Generation Period.

The Project has entered into a series of contracts with third parties which either oblige it to sell or reserve a portion of its VCUs generated annually for those third parties, which have potentially competing contractual claims with the Corporation. However, with its forecasted production of VCUs and historical production rates, the Project has informed the Corporation that the Project anticipates it will be able to produce a sufficient amount of VCUs to satisfy its third party obligations as well as the Annual Quantity and the Maximum Annual Option Quantity by delivery of Eligible VCUs generated within the applicable Generation Period and therefore allow for full delivery of Eligible VCUs should all Noteholders elect to receive delivery of Eligible VCUs in respect of an Interest Payment Date. In 2014, Phase I and Phase II of the Project generated verified volumes of 218,260 and 1,339,160 verified emissions reductions (“VERs”), respectively, and the annual volume is projected to be approximately 200,000 and 1,200,000 VERs for Phase I and Phase II of the Project, respectively. A VER will become a VCU upon issuance into a VCS Registry.

Under the VERPA, the Project is required to deliver up to 480,000 Eligible VCUs to the Corporation by each Delivery Date, with the Corporation having the option to purchase up to an additional 480,000 Eligible VCUs on behalf of BHP Billiton, subject to BHP Billiton’s instructions regarding the exercise volume. In addition to its obligations to the Corporation, for the 2014 calendar year, the Project has 496,416 committed VCUs, for the 2015 calendar year it has 612,500 committed VCUs and for the 2016 through 2020 calendar years it has 362,500 committed VCUs each year. For the scheduled Delivery Date in 2017, after full satisfaction of all third-party agreements and its obligations to the Corporation, assuming normal VCU generation volumes, the Project anticipates it will maintain an available volume of 865,000 Eligible VCUs from the most recent calendar year. In respect of the first Delivery Date, in which the volume available for delivery to the Corporation is smallest, the Corporation and the Project have agreed in the VERPA that Eligible VCUs issued in respect of GHG reductions which occurred in calendar year 2014 will also be accepted to satisfy the Annual Quantity if the number of Eligible VCUs issued in respect of GHG reductions which occurred in calendar years 2015 and 2016 is insufficient, thereby further increasing the Eligible VCU buffer. 496,416 Eligible VCUs from calendar year 2014 are committed, leaving an anticipated 2,886,004 available Eligible VCUs for the 2017 Delivery Date. The Project is not obligated under the VERPA to deliver Eligible VCUs from the most recent calendar year within a Generation Period and therefore the Corporation is not able to control the calendar year within a Generation Period of the Eligible VCUs delivered by the Project to it in respect of an Interest Payment Date.

In addition to the commitments discussed above, Wildlife Works Carbon LLC has entered into an agreement with the Escrow Holder pursuant to which it has agreed to pay to the Escrow Holder EUR1.9 million in aggregate in three installments (due in 2017, 2018 and 2019) plus interest in order to obtain
release of future delivery obligations in respect of VCU\s from the Project. The payment obligation is supported by an escrow arrangement with the Escrow Holder for 900,000 2012 calendar year VCU\s (which in any event do not form part of the Eligible VCU\s) which will be released to the Escrow Holder in the event of non-payment by WWC LLC. The Escrow Holder does not have any rights to receive Eligible VCU\s. While the 2012 calendar year VCU\s are not deliverable to the Corporation, the VCU\s in the escrow account pursuant to this arrangement might have otherwise been eligible for delivery to a third party which could leave fewer more recent calendar year VCU\s available for delivery to the Corporation.

**Project**

**Project Name:** The Kasigau Corridor REDD Project – Phase I Rukinga Sanctuary and The Kasigau Corridor REDD Project – Phase II The Community Ranches

**Project Owner:** Wildlife Works Inc. ("WW Inc."): Phase I owner

Wildlife Works Carbon LLC ("WWC LLC"): Phase II owner

**Location:** Southeastern Kenya, in the Marungu Sub-Location, Voi Division, Taita-Taveta County, Coast Province, approximately 150 km northwest of Mombasa.

**Project Start Date:** Phase I: January 1, 2005; Phase II: January 1, 2010

**Project Validation Date:** Phase I: February 3, 2011; Phase II: May 9, 2011

**Project End Date:** Phase I: December 31, 2034; Phase II: December 31, 2039

**Project Size:** Phase I: 30,169 hectares of Rukinga Ranch

Phase II: 169,741 hectares including, 15 private or group-owned ranches, the Marungu Hills Conservancy Area, and 156 hectares of the Wildlife Corridor Link

**Ownership Structure:** WWC LLC is a legal entity incorporated in Delaware, USA. Its members are WW Inc. (37.24%), Colin Wiel Investments II, LLC (25.39%), Colin Wiel (6.35%), the Project Manager (9.73%), an employee stock option plan (4.23%), James Eggers (1.69%), Allianz Carbon Investments B.V. (10.07%) and Kering (5.29%).

WW Inc. is a legal entity incorporated in California, USA. Its principal member is the Project Manager (78.11%), with the remaining shareholding held by 19 shareholders.

**Management:** The Project Manager is the President of WWC LLC and the President Director of WW Inc. All decisions related to strategic or management issues are made by the Project Manager, while all operational project decisions are deferred to the respective country managers. WW Inc. does not presently have any employees and is essentially an investment vehicle for the Phase I project.

**Implementation Partners:** In addition to WWC LLC and WW Inc., Wildlife Works Sanctuary ("WWS") implements forest protection and social projects to support alternative livelihoods. Wildlife Works Export Processing Zone ("WW EPZ") runs a clothing factory which is an alternative livelihood social project. Rukinga Ranching Company Limited is the landowner of the Phase I property and the following companies or individuals are the landowners of the Phase II property: Taita Ranching Company
Government Involvement:
The Government of Kenya leases the properties to the Ranch Owners. There is no direct government involvement in the Project.

Involvement in Other REDD Projects:
WWC LLC operates the Mai Ndombe REDD+ Project in the Democratic Republic of Congo. It also intends to implement Phase III of the Project (the Taita Hills Conservation and Sustainable Land Use Project) adjacent to the Kasigau corridor connecting Tsavo East and Tsavo West National Parks. Although not yet started, WWC LLC intends to develop new REDD projects in Cambodia, Panama, Indonesia, and India.

Purpose of Project:
The Project aims to achieve emission reductions through a combination of forest protection and community development activities which support alternative livelihoods in the project area. Forest protection activities include forest and biodiversity monitoring, funding for community wildlife scouts, forest patrols, social monitoring and carbon inventory monitoring. Community development activities include reforestation of Mount Kasigau, operating ecotourism projects, construction of schools, provision of scholarships, establishment of an eco-charcoal production facility, support for community based organizations and expanding and improving capacity in an organic clothing facility.

Current and proposed activities:
To avoid deforestation, forest protection activities aim to discourage agricultural encroachment and illegal charcoal production in the project area by providing alternative sources of livelihood for local residents so that there is less need for agricultural expansion. WWS has taken a multi-faceted approach to community development by implementing a number of social projects designed to support alternate livelihoods and conservation of the project area. These social projects are implemented by WWS and WW EPZ. WWS and WW EPZ are two of the largest employers in the county, along with large sisal estates and mining operations.

In addition to social projects, the Project also implements community development activities. These activities are funded by 50% of the net revenue from the Project (after deducting 33.3% royalty payments to landowners and project operating costs) shared with WW Inc. and WWC LLC. WWCT, as a trust corporation incorporated in Kenya, acts as an administrator of the funds. Typical projects include investment in schools (new
classrooms), scholarships and water catchment projects.

**Baseline status of land:**

Applying a conservative linear model for expected deforestation, which is acceptable under VCS VM0009, Version 1.0, the Project determined an annual baseline deforestation rate of about 3% per year for the project area, which is approximately twice the rate in the reference region, and higher than the average rate of deforestation throughout the 50-year period of the cumulative deforestation model utilized. Applying this 3% linear deforestation rate to the reference region, such model predicts more than 100% deforestation of the project area within the project period.

**Commercial rationale:**

None of the social projects has attained break-even revenue to date, and are thus dependent on revenue from the sale of carbon credits.

**Environmental and other benefits:**

**Carbon Benefits:** Over the first 10 years of operation, the Project has demonstrated its potential to generate emission reduction credits verified by the VCS and according to the CCBS. Phase I and Phase II have issued 1,484,858 VCU and 3,467,557 VCU, as at July 31, 2016, respectively. The combination of these two standards is widely considered to add credibility to claimed emission reductions and associated benefits to communities and biodiversity.

**Biodiversity Benefits:** The primary positive biodiversity impacts of the Project are conservation of key wildlife species as well as the maintenance of the wildlife corridor that allows wildlife migration between Tsavo East and Tsavo West National Parks. There are no anticipated negative biodiversity impacts of the project since this is an area set aside for conservation and activities aimed at this objective.

**Community Benefits:** CCBS-validated projects must involve local stakeholders in project design and generate net positive impacts on social and economic well-being of communities. The main rationale of the community projects is to deliver a range of direct and indirect benefits to communities participating and living around the Project area, with a view to increasing local support for conservation efforts. These benefits include direct employment, scholarships for secondary school children and university students, provision of water and sanitation infrastructure, investments in school infrastructure and facilities as well as direct financial benefits from the carbon revenue to registered ranch land lessees participating in the Project.

**Benefit-Sharing Plan:** The current benefit-sharing plan intends to allocate 50% of the Project’s revenue remaining after a third of such revenue has been paid to the Ranch Owners and all operating costs of the Project have been paid to a trust for investment in local communities. Such funds will flow directly from the trust to selected community-based organizations which
will oversee the implementation of community projects approved by the trust and one of six local carbon committees. Members of local carbon committees are elected by local community members. To date, the community projects have focused on bursaries and water projects.

**Environmental and Social Action Plan:** The Project is to comply with the Corporation’s Performance Standards, of which action items in line with Performance Standard 1 (Assessment and Management of Environmental and Social Risks and Impacts), 2 (Labor and Working Conditions); 4 (Community Health, Safety and Security) and 6 (Biodiversity Conservation and Sustainable Management of Living Resources) were identified. The Project will be required and has committed to undertaking these action items identified to address IFC Performance Standards. These actions include, amongst others, the establishment of an overarching environmental and social management system and relevant plans to identify and manage risks and impacts consistently; the appointment of an environment and social manager; and the development of community health and safety procedures and a formal security strategy. An overarching stakeholder engagement plan is also planned to be developed and implemented.

**Total Investment to Date:**
U.S.$8 million

**VCS Methodology and Registry:**
Phase 1: VCS VM0009 Version 1.0, Phase 2: VCS VM0009 Version 1.1
“Methodology for Avoided Mosaic Deforestation of Tropical Forests”; Markit Environmental Registry

**Most Recent VCS Verification Date:**
Phase I: August 31, 2015 by Environmental Services, Inc. Phase II: November 30, 2015 by SCS Global Services.

**Annual VER generation:**
Phase I: Average 200,706
Phase II: Average 1,192,411

**VERs Generated last 3 years:**
4,392,116 VERs between Phase I and II

**Total VER generation**
Phase I: 2,007,066
Phase II: 5,962,059

**Total VCU sold:**
4,025,764 VCU

**Average Annual VCU price:**

**Volume Unsold VERs:**
4,050,201 VERs

---

16 Note that the figures provided both for annual VER generation and total VER generation are not inclusive of those VERs produced by the Project and set aside in the VCS-mandated risk buffer. All VCS agriculture, forestry and other land use projects are required by the VCSA to contribute to a designated risk buffer pool to cover the risk of failure of any given project. The VCSA uses this method to assure the permanence of emission reductions from land use. The percentage of any project’s buffer is based on the results of a permanence risk assessment which must be submitted by the project to the VCSA at each verification. The Project’s risk at original verification was 20%. However, in the most recent verification on August 31, 2015, the Project’s risk was reduced to 15%, as the VCSA discovered errors in their prior computation for which they retroactively credited the Project. The lowest risk which may be designated to a project is 10%.
**Environmental**

There is no legislation which addresses the right of any individual to claim the benefit of GHG Reductions in Kenya. As a result, individuals wishing to claim the benefit of GHG Reductions in Kenya have sought to stretch the current Kenyan legal property framework to address GHG Reductions by claiming there is a link between possession of title in real property (and thus to the trees located on the land) with the right to claim the GHG Reductions. However, the validity of any individual’s title to natural resources (including the trees located on property to which the individual holds leasehold title) after 2010 has been made uncertain by the 2010 Kenyan Constitution. The 2010 Constitution indicates that Parliamentary ratification is required to convey any interest in natural resources. The enabling legislation which would be expected to clarify the position under the 2010 Constitution by defining the extent to which Parliamentary ratification is required has yet to be enacted. It is therefore not possible to confirm whether ratification is required.

**Land tenure/right of use**

The Project is being implemented on 15 properties that are leased by various different lessees from the Government of Kenya. Generally, there are many issues with property rights in Kenya due to historical fraud and as a result it is often almost impossible to confirm clean title to property. Due to the fact that the titles (leases for the 15 properties) were previously registered under different statutes, the laws governing each type of title and practices relating to each title at the applicable land registries differ. In due course, the registrar of lands will issue new title deeds in the form to be prescribed under regulations which are required to be promulgated pursuant to several new land statutes which came into effect on May 2, 2012, but have yet to be fully operationalized.

**Any discrepancies in Market Performance:**

None

**Current or Pending Litigation or Government Proceedings:**

None
TIMELINE

The following sets out a summary of the timetable for a typical cycle in respect of an Interest Payment Date.

White arrows indicate actions to be taken by Noteholders electing to receive delivery of Eligible VCU's.

**Generation Period/ Vintage Year**
- First year Generation Period starts up to three calendar years prior to the first Interest Payment Date.
- Subsequent Generation Periods start two calendar years prior to the relevant Interest Payment Date.

**60-45 Business Days prior to Interest Payment Date**
- the Corporation sends first notice to Noteholders telling them to the extent they wish to receive Eligible VCU's to deliver their Settlement Notice at least 30 Business Days prior to Interest Payment Date.

**35-32 Business Days prior to Interest Payment Date**
- the Corporation sends second notice to Noteholders telling them to the extent they wish to receive Eligible VCU's to deliver their Settlement Notice at least 30 Business Days prior to Interest Payment Date.

**Not less than 30 Business Days prior to Interest Payment Date**
- Deadline for Noteholders who elected to receive Eligible VCU's to open Eligible VCU's Account

**30 Business Days prior to Interest Payment Date**
- Volume Notification Date: VERPA Counterparty notifies the Corporation of the amount of Eligible VCU's it will be able to deliver on the Delivery Date.

**30 (but no more than 60) Business Days prior to Interest Payment Date**
- Settlement Notice Deadline: each Noteholder, if electing to receive delivery of Eligible VCU's, must (i) deliver a valid and complete Settlement Notice to the Corporation and the Global Agent and (ii) provide instructions to the Clearing Systems.

**28 Business Days prior to Interest Payment Date**
- The Global Agent provides to Markit identity and notice details of Noteholders who have elected to receive delivery of Eligible VCU's.

**Within 2 VCS Business Days of receipt of notice from Global Agent**
- Markit confirms relevant Noteholders as account holders.
- Markit notifies Global Agent if there are any discrepancies between the Eligible VCU's Accounts in the Settlement Notices and Markit's records.

**Within 2 Business Days of receipt of notice from Markit**
- The Global Agent notifies relevant Noteholders of such notice from Markit as to any discrepancy.

**10 Business Days prior to Interest Payment Date**
- Project Delivery Date: VERPA Counterparty to deliver Annual Quantity of Eligible VCU's to the Corporation holding account.

**10-5 Business Days prior to Interest Payment Date**
- Cure Period: If VCU's delivery failure, VERPA Counterparty can attempt to re-deliver Eligible VCU's within five Business Days of notice of such failure to deliver

**9 Business Days prior to Interest Payment Date**
- Markit determines if discrepancies between the Eligible VCU's Accounts in the Settlement Notices and Markit's records have been rectified and informs the Global Agent which Eligible VCU's recipients still do not have a valid eligible VCU's Account (eligible VCU's election deemed invalid; will receive cash).

**No less than 2 Business Days prior to Interest Payment Date**
- If one or more Conditions to Delivery are not met, Corporation shall give notice of such to relevant Noteholders and such Noteholders will receive payment in cash as applicable.

**Interest Payment Date**
- the Corporation/Global Agent pays interest to Noteholders to the extent required.
- the Corporation instructs Markit to transfer Eligible VCU's, pro rata, from its holding account to relevant Noteholders' Eligible VCU's Accounts.

**Within 15 calendar days of Interest Payment Date**
- Noteholder confirmation of acceptance of Eligible VCU's
- If Eligible VCU's not accepted by relevant Noteholders, such Eligible VCU's are retired by the Corporation on behalf of the relevant Noteholder.

Note:
1. This must be a VCS Business Day. If such Business Day is not a VCS Business Day, the following Business Day which is a VCS Business Day
DELIVERY AND TRANSFER OF VCUS

This section relates to the delivery and transfer of VCUs. For information regarding the clearance and settlement of the Notes, please see “Clearance and Settlement” in the Base Prospectus. Information relating to Markit Group Limited has been obtained from them or from the MER Terms and Conditions. The Corporation confirms that such information has been accurately reproduced.

Overview

The VCS Registry System is a public secure platform where VCUs are assigned unique serial numbers (the “VCS Registry System”) allowing VCUs and the projects that generated them to be searched for and tracked online on VCS registries (a “VCS Registry”). VCS Registries must adhere to strict conflict of interest policies and maintain sufficient financial resources to ensure ongoing market support and guarantee uninterrupted access to the accounts. VCS Registries must comply with the VCS Registry criteria and must confirm their ability to carry out registry requirements. A VCS Registry must also enter into an inter-registry agreement whereby it agrees to exchange VCUs with the other VCS Registries.

The VCS Registry System is an expandable system where multiple registry operators can connect directly to the central VCS Project Database. Two VCS Registries are currently approved by the VCSA: the Markit VCS Registry and the APX Registry, but new registries can be approved by the VCSA. Distributions of Eligible VCUs pursuant to the Final Terms will be through the Markit VCS Registry, and Noteholders must set up an account with the Markit VCS Registry if they wish to receive delivery of Eligible VCUs in respect of an Interest Payment Date.

For the avoidance of doubt, all costs associated with the delivery of Eligible VCUs to Noteholders and the retirement of Eligible VCUs by the Corporation on behalf of Noteholders who do not accept delivery of Eligible VCUs into their Eligible VCUs account within 15 calendar days of delivery of such Eligible VCUS by the Corporation in respect of an Interest Payment Date as described in the Final Terms will be borne by the Corporation and not the relevant Noteholder(s). In addition, no costs associated with the delivery of Eligible VCUs to the Corporation by the Project will be borne by any Noteholder.

Markit VCS Registry

The Markit VCS Registry provides a tool for managing global carbon, water and biodiversity credits. It allows project participants to track environmental projects and to issue, transact and retire serialized credits. Markit provides infrastructure that increases transparency, efficiency and scalability within the global environmental markets.

Account Opening Procedure

Once the Noteholder has indicated their acceptance to the MER Terms and Conditions and provided satisfactory documentary material as required by Markit, Markit will open an account for the Noteholder in the Markit VCS Registry in accordance with the terms in Markit’s operational registry guidelines or as otherwise specified by Markit from time to time. Only organizations may open an account in the Markit VCS Registry; natural persons are not permitted to open an account in the Markit VCS Registry.

Where, as part of the account opening process, the Noteholder has notified Markit of its business activities in relation to the Noteholder’s use of the Markit VCS Registry, the Noteholder also warrants and represents to Markit that those activities shall remain the Noteholder’s sole business activities in relation to the Noteholder’s use of the Markit VCS Registry for the duration of the MER Terms and Conditions, unless otherwise notified by the Noteholder to Markit in writing 10 calendar days in advance of a change in such business activities.

Markit reserves the right to change the limits on the Noteholder’s activity and functionality in the Markit VCS Registry at any time. Where Markit limits the Noteholder’s activity or functionality in the Markit VCS Registry as a result of the Noteholder’s business activities in relation to the Noteholder’s use of the Markit VCS Registry, the Noteholder shall comply with such limitation at all times.
Direct Delivery of Eligible VCU$s$

Eligible VCU$s$ will be delivered to the Corporation from the VERPA Counterparty’s Markit account to the Corporation’s Markit holding account on or prior to each applicable Delivery Date.

VCU$s$ Transfer to Noteholders, Automatic Retirement of VCU$s$

In respect of each applicable Interest Payment Date where the Conditions to Delivery are met, the Corporation will transfer Eligible VCU$s$ from the Corporation’s holding account at Markit to the Noteholder’s Eligible VCU$s$ Account. Such delivery of Eligible VCU$s$ will be instantaneous upon acceptance by the Noteholder into its Eligible VCU$s$ Account. A Noteholder may accept delivery of such Eligible VCU$s$ by logging in to its Markit account and following those instructions for acceptance of delivery as provided in the MER Terms and Conditions. If the Conditions to Delivery are met and the Corporation delivers Eligible VCU$s$ to a Noteholder’s Eligible VCU$s$ Account, but such Noteholder fails to accept such Eligible VCU$s$ in such Eligible VCU$s$ Account within 15 calendar days following such Interest Payment Date, such Eligible VCU$s$ that would otherwise have been received by such Noteholder shall be returned to the Corporation’s Markit holding account as required by the MER Terms and Conditions and such Noteholder will be deemed to have directed that such Eligible VCU$s$ be retired by the Corporation on behalf of such Noteholder and such Noteholder will receive neither Eligible VCU$s$ nor cash in lieu of Eligible VCU$s$ in respect of such Interest Payment Date. The Corporation shall provide notice to the relevant Noteholder (at such contact details as are included by such Noteholder in its Settlement Notice) substantially in the form set out in Schedule 4 indicating that such Eligible VCU$s$ have been retired on such Noteholder’s behalf.

Secondary Market Transfers of VCU$s$

After accepting receipt of the Eligible VCU$s$ into its Eligible VCU$s$ Account, a Noteholder may wish to transfer such Eligible VCU$s$ out from its account to a third party. To process this type of transaction, the Noteholder must have a Markit account which permits transfers and must comply with the MER Terms and Conditions. To initiate a transfer, the Noteholder, while logged in to their Eligible VCU$s$ Account, selects the credits to be transferred, enters the registry account number for the intended recipient and submits the request. The credits will not be transferred unless and until the intended recipient accepts such transfer. Secondary market transfer fees will be charged at Markit’s standard fees for such transactions.

Retirement of Eligible VCU$s$

In certain circumstances as set out in the Final Terms, the Corporation may retire Eligible VCU$s$ in the Markit VCS Registry in accordance with the terms in Markit’s operational registry guidelines. If the Corporation retires Eligible VCU$s$, such Eligible VCU$s$ will be retired permanently and neither the Corporation nor any third party will have any further rights to take the benefit of such Eligible VCU$s$. Eligible VCU$s$ retired in these circumstances will be retired by the Corporation on behalf of, and in the name of, the respective Noteholder.

Any retirement of Eligible VCU$s$ by the Corporation in accordance with the MER Terms and Conditions is irrevocable, and the Corporation and the relevant Noteholders acknowledge that any such retirements will not be reversed. Once the Corporation has complied with the relevant sections of the MER Terms and Conditions and has retired the Eligible VCU$s$, Markit will not take any action to exercise or purport to exercise any right or interest, or deal with or otherwise use, the retired Eligible VCU$s$ and considers that no person has any further rights to take the benefit of the retired Eligible VCU$s$. 
TAXATION

The Base Prospectus is hereby supplemented and amended with the following information, which shall be deemed to be incorporated in, and to form part of, the Base Prospectus.

Certain U.S. Federal Income Tax Considerations

The following is a summary of certain U.S. federal income tax consequences of the acquisition, ownership and disposition of Notes by a U.S. Holder. This summary deals only with initial purchasers of Notes at the “issue price” (the first price at which a substantial amount of Notes are sold for money, excluding sales to underwriters, placement agents or wholesalers) in the initial offering that are U.S. Holders and that will hold the Notes as capital assets. The discussion does not cover all aspects of U.S. federal income taxation that may be relevant to, or the actual tax effect that any of the matters described herein will have on the acquisition, ownership or disposition of Notes by particular investors (including consequences under the alternative minimum tax or Medicare tax on net investment income), and does not address the effect of any U.S. federal tax law other than U.S. federal income tax law (such as estate and gift tax laws) or any state, local or non-U.S. tax laws. This summary also does not discuss all of the tax considerations that may be relevant to certain types of investors subject to special treatment under the U.S. federal income tax laws (including, for example, financial institutions, insurance companies, individual retirement accounts and other tax-deferred accounts, tax-exempt organizations, dealers in securities or currencies, investors that will hold the Notes as part of straddles, hedging transactions or conversion transactions for U.S. federal income tax purposes, persons that have ceased to be U.S. citizens or lawful permanent residents of the United States, investors holding the Notes in connection with a trade or business conducted outside of the United States, U.S. citizens or lawful permanent residents living abroad or investors whose functional currency is not the U.S. dollar).

As used herein, the term “U.S. Holder” means a beneficial owner of Notes that is, for U.S. federal income tax purposes, (i) an individual citizen or resident of the United States, (ii) a corporation created or organized under the laws of the United States or any state thereof or the District of Columbia, (iii) an estate the income of which is subject to U.S. federal income tax without regard to its source or (iv) a trust if a court within the United States is able to exercise primary supervision over the administration of the trust and one or more U.S. persons have the authority to control all substantial decisions of the trust, or the trust has validly elected to be treated as a domestic trust for U.S. federal income tax purposes.

The U.S. federal income tax treatment of a partner in an entity treated as a partnership for U.S. federal income tax purposes that holds Notes will depend on the status of the partner and the activities of the partnership. Prospective purchasers that are entities treated as partnerships for U.S. federal income tax purposes should consult their tax advisers concerning the U.S. federal income tax consequences to them and their partners of the acquisition, ownership and disposition of Notes by the partnership.

This summary is based on the tax laws of the United States, including the Internal Revenue Code of 1986, as amended (the “Code”) its legislative history, existing and proposed Treasury regulations thereunder, published rulings and court decisions, all as of the date hereof and all subject to change at any time, possibly with retroactive effect.

THE SUMMARY OF U.S. FEDERAL INCOME TAX CONSEQUENCES SET OUT BELOW IS FOR GENERAL INFORMATION ONLY. ALL PROSPECTIVE PURCHASERS SHOULD CONSULT THEIR TAX ADVISERS AS TO THE PARTICULAR TAX CONSEQUENCES TO THEM OF ACQUIRING, OWNING, AND DISPOSING OF THE NOTES. THE APPLICABILITY AND EFFECT OF STATE, LOCAL, NON-U.S. AND OTHER TAX LAWS AND POSSIBLE CHANGES IN TAX LAW.

U.S. Federal Income Tax Characterization of the Notes

There is no direct legal authority as to the proper U.S. federal income tax treatment of an instrument that provides for interest to be paid in cash at a fixed rate, or at the option of a holder in respect of its Notes, by delivery of a fixed number of VCUs. As a consequence, it is unclear how the Notes should be properly characterized for U.S. federal income tax purposes. Under the Terms Agreements, the Corporation and each Noteholder that is a U.S. Holder agree, for U.S. federal income
tax purposes, to treat the Notes as indebtedness that is subject to the Treasury regulations governing contingent payment debt instruments (the “Contingent Debt Regulations”) in the manner described below. The remainder of this discussion assumes that the Notes will be so treated and does not address any possible differing treatments of the Notes. However, the application of the Contingent Debt Regulations to instruments such as the Notes is uncertain in several respects, and no rulings have been sought from the U.S. Internal Revenue Service (the “IRS”) or a court with respect to any of the tax consequences discussed below. Accordingly, no assurance can be given that the IRS or a court will agree with the treatment described herein. Any differing treatment could affect the amount, timing and character of income, gain or loss in respect of an investment in the Notes. U.S. Holders should consult their tax advisors concerning the application of the Contingent Debt Regulations to the Notes and the consequences thereof.

Accrual of Interest

Pursuant to the Contingent Debt Regulations, interest on Notes will be treated as original issue discount (“OID”) and must be accrued on a constant-yield basis based on a yield to maturity that reflects the rate at which the Corporation would issue a comparable fixed-rate debt instrument (the “comparable yield”), in accordance with a projected payment schedule. This projected payment schedule must include each non-contingent payment on the Notes and an estimated amount for each contingent payment, and must produce the comparable yield.

The Corporation is required to provide to Noteholders, solely for U.S. federal income tax purposes, a schedule of the projected amounts of payments on the Notes. This schedule must produce the comparable yield. The comparable yield and projected payment schedule will be available from the Corporation at ifc.org/investors or by submitting a written request for such information to IFCmidoffice@ifc.org.

THE COMPARABLE YIELD AND PROJECTED PAYMENT SCHEDULE WILL NOT BE DETERMINED FOR ANY PURPOSE OTHER THAN FOR THE DETERMINATION OF INTEREST ACCRUALS AND ADJUSTMENTS THEREOF IN RESPECT OF NOTES FOR U.S. FEDERAL INCOME TAX PURPOSES AND WILL NOT CONSTITUTE A PROJECTION OR REPRESENTATION REGARDING THE ACTUAL AMOUNTS PAYABLE TO THE HOLDERS OF THE NOTES.

The use of the comparable yield and the calculation of the projected payment schedule will be based upon a number of assumptions and estimates and will not be a prediction, representation or guarantee of the actual amounts of interest that may be paid to a U.S. Holder or the actual yield of the Notes. A U.S. Holder generally will be bound by the comparable yield and the projected payment schedule determined by the Corporation, unless the U.S. Holder determines its own comparable yield and projected payment schedule and explicitly discloses such schedule to the IRS, and explains to the IRS the reason for preparing its own schedule. The Corporation’s determination, however, is not binding on the IRS, and it is possible that the IRS could conclude that some other comparable yield or projected payment schedule should be used instead.

The amount of OID includible in income by a U.S. Holder is the sum of the daily portions of OID with respect to the Note for each day during the taxable year or portion of the taxable year on which the U.S. Holder holds the Note (“accrued OID”). The daily portion is determined by allocating to each day in any “accrual period” a pro rata portion of the OID allocable to that accrual period. Accrual periods with respect to a Note may be of any length selected by the U.S. Holder and may vary in length over the term of the Note as long as (i) no accrual period is longer than one year and (ii) each scheduled payment of interest or principal on the Note occurs on either the final or first day of an accrual period. The amount of OID allocable to an accrual period equals the product of the Note’s adjusted issue price at the beginning of the accrual period and the Note’s comparable yield (determined on the basis of compounding at the close of each accrual period and properly adjusted for the length of the accrual period).

The “adjusted issue price” of a Note at the beginning of any accrual period is the issue price of the Note increased by the amount of accrued OID for each prior accrual period, and decreased by the projected amount of any payments previously made on the Note. No additional income will be
recognized upon the receipt of payments of stated interest in amounts equal to the annual payments included in the projected payment schedule described above.

Any differences between actual payments received by the U.S. Holder on a Note in a taxable year and the projected amount of those payments will be accounted for as additional interest (in the case of a positive adjustment) or as an offset to interest income in respect of the Note (in the case of a negative adjustment), for the taxable year in which the actual payment is made. In the case of an actual payment in VCU$s, the amount of the payment should equal the fair market value of the VCU$s at the time of payment. If the negative adjustment for any taxable year exceeds the amount of OID on the Note for that year, the excess will be treated as an ordinary loss, but only to the extent the U.S. Holder’s total OID inclusions on the Note exceed the total amount of any ordinary loss in respect of the Note claimed by the U.S. Holder under this rule in prior taxable years. Any negative adjustment that is not allowed as an ordinary loss for the taxable year is carried forward to the next taxable year, and is taken into account in determining whether the U.S. Holder has a net positive or negative adjustment for that year. However, any negative adjustment that is carried forward to a taxable year in which the Note is sold, exchanged or retired, to the extent not applied to OID accrued for such year, reduces the U.S. Holder’s amount realized on the sale, exchange or retirement.

The United States Treasury Department has issued to the Corporation a ruling dated February 14, 1992 (the “Ruling”) regarding certain United States federal tax consequences of the receipt of interest on securities issued by the Corporation. The Ruling provides that interest paid by the Corporation on such securities, including payments attributable to accrued OID, constitutes income from sources without the United States.

**Sale, Exchange, Retirement or Other Taxable Disposition**

Upon the sale, exchange, retirement or other taxable disposition of a Note, a U.S. Holder generally will recognize gain or loss equal to the difference between the amount realized on the sale, exchange, retirement or other taxable disposition and the U.S. Holder’s adjusted tax basis in the Note. Gain from the sale or retirement of a Note generally will be treated as interest income taxable at ordinary income (rather than capital gains) rates. Any loss generally will be ordinary loss to the extent that the U.S. Holder’s total interest inclusions to the date of sale or retirement exceed the total net negative adjustments that the U.S. Holder took into account as ordinary loss, and any further loss generally will be capital loss, which will be long-term if the Note was held for greater than one year.

Special rules apply in determining a U.S. Holder’s tax basis in a Note. A U.S. Holder’s adjusted tax basis in a Note generally will be equal to its cost, increased by the amount of interest previously accrued with respect to the Note (determined without regard to any positive or negative adjustments reflecting the difference between actual payments and projected payments) and decreased by the projected amount of any contingent payments previously made on the Notes.

**Backup Withholding and Information Reporting**

The Corporation is not subject to the reporting requirements that generally are imposed by U.S. law with respect to certain payments of interest or principal on debt obligations, nor is it subject to backup withholding obligations imposed in certain circumstances by U.S. law with respect to such payments.

Additionally, while Treasury regulations confirm that the backup withholding requirements do not apply to any paying agent of the Corporation with respect to the Notes, payments of principal, interest and accruals of OID on, and the proceeds of sale or other disposition of, a Note by other U.S. intermediaries will be reported to the IRS and to the U.S. Holder as may be required under applicable Treasury regulations. Backup withholding may apply to these payments, including payments of accrued OID, by other U.S. intermediaries if the U.S. Holder fails to provide an accurate taxpayer identification number or certification of exempt status or fails to otherwise comply with applicable certification requirements. Certain U.S. Holders are not subject to backup withholding. U.S. Holders should consult their tax advisers about these rules and any other reporting obligations that may apply to the ownership or disposition of a Note, including requirements related to the holding of certain foreign financial assets.
PLAN OF DISTRIBUTION

Placement Agents

The Program provides for the appointment of dealers or agents in respect of any particular issue of notes.

The placement agent appointment agreement, signed on October 28, 2016 (the “Appointment Agreement”) appoints BNP Paribas, London Branch, J.P. Morgan Securities plc and Merrill Lynch International as placement agents to have all rights and benefits, and be subject to obligations consistent with their role as Placement Agents, as if they were Dealers as set out therein and in the Standard Provisions (as defined below). Such appointment is limited to this particular issue of Notes and will terminate upon issue of the Notes, but without prejudice to any of the Placement Agents’ rights (including, without limitation, any indemnification rights), duties or obligations which have arisen prior to such termination and which survive such termination as provided in the Standard Provisions (as defined below). There are no sponsoring dealers under the Program and there are no dealers purchasing or underwriting the Notes.

Purchase and Settlement

The Corporation has entered into a terms agreement with each purchaser on October 28, 2016 (each a “Terms Agreement”) whereby each purchaser agrees to purchase from the Corporation the nominal amount set out in such Terms Agreement at 9:00 a.m. New York City time on November 4, 2016 at an aggregate purchase price which is 100% of the nominal amount of the Notes, on the terms set forth therein. In so purchasing the Notes, the purchaser understands and agrees that it is purchasing as principal for investment for its own account and not acting as an agent of the Corporation in the distribution of the Notes and that it is a financially sophisticated institutional investor and has such knowledge and experience in business and financial matters as to be capable of evaluating the merits and risks of an investment in the Notes. Citibank, N.A., London Branch will act as Settlement Agent.

The Corporation is responsible for the information in this Series Prospectus. No representations are made by the Placement Agents, who take no responsibility for independently verifying any of the information contained within this Series Prospectus. Each recipient of this Series Prospectus is responsible for conducting its own due diligence. Any potential transaction will only be effected pursuant to the purchaser(s) entering into a Terms Agreement.

Standard Provisions

Notes may be sold from time to time by the Corporation itself. The arrangements under which notes may from time to time be agreed to be sold by the Corporation are set out in the Standard Provisions dated as of June 3, 2008 (as amended or supplemented from time to time, the “Standard Provisions”). Certain of the Standard Provisions have been incorporated by reference into the Appointment Agreement by which the Placement Agents were appointed in respect of this particular issue of Notes.

Sales Restrictions

No action has been or will be taken in any jurisdiction by any Placement Agent or the Corporation that would permit a public offering of any of the Notes, or possession or distribution of the Base Prospectus, this Series Prospectus or any part thereof or hereof including the Final Terms, or any other offering or publicity material relating to the Notes, in such jurisdiction. The relevant Placement Agent(s) (and the Corporation in connection with sales of Notes on its own behalf) will, to the best of its knowledge, comply with all relevant laws, regulations and directives in each jurisdiction in which it purchases, offers, sells, or delivers the Notes or has in its possession or distributes this Series Prospectus, or any part thereof including the Final Terms, or any such other material, in all cases at its own expense.

No Placement Agent is authorized to make any representation or use any information in connection with the issue, offering and sale of the Notes other than as contained in the Base Prospectus, this Series Prospectus, the Final Terms or such other information relating to the Corporation and/or the Notes which the Corporation has authorized to be used.
United States

The Notes are not required to be registered under the Securities Act.

United Kingdom

Each Placement Agent will be required to represent, warrant and agree that it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Notes in, from or otherwise involving the United Kingdom.

Australia

No prospectus or other disclosure document (as defined in the Corporations Act 2001 of Australia ("Corporations Act")) in relation to the Series Prospectus or the Notes has been, or will be, lodged with the Australian Securities and Investment Commission ("ASIC"). Each Placement Agent has represented and agreed that it:

(a) has not made or invited, and will not make or invite, an offer of the Notes for issue or sale in Australia (including an offer or invitation which is received by a person in Australia); and

(b) has not distributed or published, and will not distribute or publish, this Series Prospectus or any other offering material or advertisement relating to the Notes in Australia, unless:

(i) the aggregate consideration payable by each purchaser is at least A$500,000 (or its equivalent in an alternate currency, in either case, disregarding moneys lent by the offeror or its associates) or the offer otherwise does not require disclosure to investors under Parts 6D.2 or 7.9 of the Corporations Act;

(ii) the offer does not constitute an offer to a “retail client” for the purpose of Chapter 7 of the Corporations Act;

(iii) such action complies with all applicable laws and regulations; and

(iv) such action does not require any document to be lodged with ASIC.
TERMS AND CONDITIONS OF THE NOTES

The terms and conditions of the Notes consist of the Terms and Conditions set out in the Base Prospectus (the “Base Conditions”), reproduced below, as amended and/or supplemented by the Final Terms set out herein. References in the Base Conditions to Final Terms shall be deemed to refer to the Final Terms set out herein.

The following is the text of the terms and conditions (the “Conditions” and each a “Condition”) that, subject to completion and amendment and as supplemented or varied in accordance with the provisions of Part A of the applicable Final Terms, will apply to the Notes referred to in such Final Terms. If Notes are to be printed in definitive form either (i) the full text of these Conditions together with the relevant provisions of the Final Terms or (ii) these Conditions as so completed, amended, supplemented or varied (and subject to simplification by the deletion of non-applicable provisions), shall be endorsed on the Definitive Bearer Notes (as defined below) or on the Certificates (as defined below) relating to such Registered Notes (as defined below).

The Bearer Notes and the Registered Notes (each as defined in Condition 1(a)) are issued pursuant to an Amended and Restated Global Agency Agreement (as amended or supplemented as at the date of issue of the Notes (the “Issue Date”)), dated as of June 3, 2008 (the “Global Agency Agreement”) between the Corporation, Citibank, N.A., London Branch, as global agent and the other agents named therein and, in the case of Bearer Notes and Registered Notes to be cleared through The Central Depository (Pte) Limited, as supplemented by the Supplemental Agency Agreement dated as at June 3, 2008 (the “Supplemental Agency Agreement”) between the Corporation and Citibank, N.A., Singapore Branch, as Singapore paying agent, and the other agent named therein and, in the case of Bearer Notes and Registered Notes governed by English law, with the benefit of an Amended and Restated Deed of Covenant (as amended or supplemented as at the Issue Date, the “Deed of Covenant”) dated as of June 3, 2008 executed by the Corporation in relation to the Notes. The original executed Deed of Covenant is held by the global agent. The Global Agency Agreement includes forms of the Notes (other than Fed Bookentry Notes (as defined in Condition 1(a)) and the receipts (if any) for the payment of instalments of principal (the “Receipts”) relating to Notes in bearer form of which the principal is payable in instalments, the coupons (if any) attaching to interest-bearing Notes in bearer form (the “Coupons”) and the talons (if any) for further Coupons relating to such Notes (the “Talons”). The global agent, the paying agents, the registrar, the transfer agents, the exchange agent(s), the determination agent(s) and the calculation agent(s) are referred to below respectively as the “Global Agent”, the “Paying Agents” (which expression shall also include the Global Agent and such additional paying agents the Corporation may appoint from time to time or in connection with particular issues of Notes), the “Registrar”, the “Transfer Agents”, the “Exchange Agent(s)”, “the Determination Agent(s)” and the “Calculation Agent(s)” (which expressions shall include their respective successors and any additional agents appointed as such by the Corporation from time to time). The Global Agent, the Registrar, the Transfer Agent, the Exchange Agent(s), the Determination Agent(s), the Calculation Agent(s) and the Federal Reserve Bank of New York are together referred to herein as the “Agents”.

Unless otherwise specified in these Conditions, the Calculation Agent will be Citibank, N.A., London Branch. The Noteholders (as defined below), the holders (the “Couponholders”) of the interest coupons appertaining to interest bearing Notes in bearer form and, where applicable in the case of such Notes, talons for further Coupons, and the holders of the receipts for the payment of instalments of principal relating to Bearer Notes of which the principal is payable in instalments are bound by and are deemed to have notice of all of the provisions of the Global Agency Agreement, the Deed of Covenant and the Final Terms relevant to such Notes. Copies of the Global Agency Agreement and the Deed of Covenant are available for inspection at the specified offices of each of the Global Agent, the Registrar and the Transfer Agents.

The Fed Bookentry Notes are issued in accordance with a uniform fiscal agency agreement effective as of July 20, 2006 (as amended and supplemented from time to time, the “Fiscal Agency Agreement”) and made between the Corporation and the Federal Reserve Bank of New York, as fiscal and paying agent (the “Fiscal Agent”). Copies of the Fiscal Agency Agreement are available for inspection at the specified offices of the Fiscal Agent.

In these Conditions, “Noteholder” means the bearer of any Bearer Note and the Receipts relating to it or the Federal Reserve Bank of New York for Fed Bookentry Notes or the person in whose name a
Registered Note is registered, and “holder” (in relation to a Bearer Note, Receipt, Coupon or Talon) means the bearer of any Bearer Note, Receipt, Coupon or Talon or, in relation to a Fed Bookentry Note, the Federal Reserve Bank of New York or, in relation to a Registered Note, the person in whose name a Registered Note is registered, as the case may be.

For Notes which are not Definitive Bearer Notes, Fed Bookentry Notes or individually certificated Registered Notes represented by Certificates (each as defined in Condition 1(a)), references in these Conditions to terms specified on a Note or specified hereon shall be deemed to include references to terms specified in the applicable Final Terms issued in respect of a particular issue of Notes of which such Note forms a part (each a “Final Terms”) and which will be attached to such Note. For Notes which are Fed Bookentry Notes, references in these Conditions to terms specified on a Fed Bookentry Note or specified hereon shall be deemed to be references to the Final Terms applicable to such Fed Bookentry Note.

These Conditions may be amended, modified or varied in relation to any Series of Notes by the terms of the applicable Final Terms in relation to such Series. All capitalized terms that are not defined in these Conditions will have the meanings given to them in the applicable Final Terms.

1. Form, Denomination, Title and Specified Currency

(a) Form: Each issue of Notes of which this Note forms a part (the “Notes”) is issued as:
   (i) bearer notes (“Bearer Notes”) in the nominal amount of a Specified Denomination (as defined in Condition 1(b));
   (ii) uncertificated bookentry notes (“Fed Bookentry Notes”) in the nominal amount of a Specified Denomination; and/or
   (iii) registered notes other than those registered notes issued in exchange for Fed Bookentry Notes (“Registered Notes”) in the nominal amount of a Specified Denomination, as specified on such Note, and these Conditions must be read accordingly. An issue of Notes may comprise either Bearer Notes only, Registered Notes only, Registered Notes and Bearer Notes only, or Fed Bookentry Notes only (except as provided in Condition 2(b)).

   Bearer Notes may be issued in global form and/or definitive bearer form (“Definitive Bearer Notes”). Bearer Notes in definitive form are serially numbered and are issued with Coupons (and, where appropriate, a Talon) attached, except in the case of Notes that do not bear interest, in which case references to interest (other than in relation to interest due after the Maturity Date), Coupons and Talons in these Conditions are not applicable. Any Bearer Note the nominal amount of which is redeemable in instalments is issued with one or more Receipts attached.

   Registered Notes are represented by registered certificates (“Certificates”) in global and/or definitive form. Except as provided in Condition 2(c), one Certificate (including Certificates in global form) representing the aggregate nominal amount of Registered Notes held by the same holder will be issued to such holder, unless more than one Certificate is required for clearance and settlement purposes. Each Certificate will be numbered serially with an identifying number, which will be recorded in the register (the “Register”) kept by the Registrar.

   (b) Denomination: “Specified Denomination” means the denomination or denominations specified on such Note.

   (c) Title:

      (i) Title to Bearer Notes and Receipts, Coupons and Talons shall pass by delivery.

      (ii) The Corporation may deem and treat the Federal Reserve Bank of New York, in respect of all Fed Bookentry Notes, as the absolute owner thereof for all purposes whatsoever notwithstanding any notice to the contrary and all payments to or on the order of the Federal Reserve Bank of New York and such registered owner, respectively, shall be valid and effective to discharge the liability of the Corporation with respect to such Fed Bookentry Notes to the extent of the sum or sums so paid. As custodian of Fed Bookentry Notes, the Federal Reserve Bank of New York may deem and treat other Federal Reserve Banks and Branches and Holding Institutions (as defined below)
located in the Second Federal Reserve District holding any Fed Bookentry Notes as the absolute owner thereof for all purposes whatsoever notwithstanding any notice to the contrary; and all payments to or on the order of such Federal Reserve Banks or Branches or Holding Institutions, as the case may be, shall be valid and effective to discharge the liability of the Corporation with respect to such Fed Bookentry Notes to the extent of the sum or sums paid. A “Holding Institution” is a depository or other designated institution that has an appropriate bookentry account with a Federal Reserve Bank or Branch.

The Corporation, the Global Agent, the Paying Agents, the Registrar and the Transfer Agents shall be entitled to deem and treat the bearer of any Bearer Note, Receipt, Coupon or Talon, or the Federal Reserve Bank of New York for Fed Bookentry Notes, or the registered holder of any Registered Note, to be the absolute owner thereof for the purpose of making payments and for all other purposes, whether or not such Bearer Note, Receipt, Coupon or Talon, Fed Bookentry Note or Registered Note is overdue and regardless of any notice of ownership, trust or an interest therein, any writing thereon (or on the Certificate representing it) or any notice of any previous theft or loss thereof (or of the related Certificate), and all payments on a Note or Coupon to such holder shall be deemed valid and effectual to discharge the liability of the Corporation in respect of such Note or Coupon to the extent of the sum or sums so paid.

(iii) Title to Registered Notes shall pass by registration in the Register in accordance with the provisions of the Global Agency Agreement or otherwise in accordance with applicable law.

(d) Specified Currency: The Specified Currency of any Note is as specified hereon. Unless otherwise specified hereon, all payments of principal and interest in respect of a Note shall be made in the Specified Currency.

2. Transfers of Registered Notes and Exchanges of Bearer Notes

(a) Transfers:

(i) Subject as provided in Condition 2(g), Registered Notes may be transferred in whole or in part in a Specified Denomination upon the surrender (at the specified office of the Registrar or any Transfer Agent) of the Certificate representing such Registered Notes to be transferred, together with the form of transfer endorsed on such Certificate duly completed and executed. In the case of a transfer of part only of Registered Notes represented by one Certificate, a new Certificate shall be issued to the transferee in respect of the part transferred and a further new Certificate in respect of the balance of the interest in the Notes not transferred shall be issued to the transferor. In the case of a transfer of Registered Notes to a person who is already a holder of Registered Notes, a new Certificate representing the transferee’s aggregate interest in the Notes shall only be issued against surrender of the Certificate representing its existing interest in the Notes.

(ii) Registered Notes may not be exchanged for Bearer Notes.

(b) Transfer of Fed Bookentry Notes: Fed Bookentry Notes may be transferred between Holding Institutions, in Federal Reserve Districts where the respective Federal Reserve Banks have adopted appropriate procedures, in accordance with such procedures. Fed Bookentry Notes may not be exchanged for Registered Notes or for Bearer Notes.

(c) Partial Exercise of Options or Partial Redemption in Respect of Registered Notes: In the case of a partial redemption (in respect of an exercise of the Corporation’s or the Noteholder’s option or otherwise) of Registered Notes represented by a single Certificate, a new Certificate in respect of the balance of the interest in any such Registered Notes not redeemed shall be issued to the holder to reflect the exercise of such option. In the case of a partial exercise of an option (other than in respect of optional redemption), one or more new Certificates may be issued to the relevant holders reflecting such exercise. New Certificates shall only be issued against surrender of the existing Certificates to the Registrar or any Transfer Agent.
(d) **Exchange of Bearer Notes**: Subject as provided in Condition 2(g), and if so provided hereon, Bearer Notes may be exchanged for the same aggregate nominal amount of Registered Notes of the same Series at the request in writing of the relevant Noteholder and upon surrender of each Bearer Note to be exchanged, together with all unmatured Receipts, Coupons and Talons relating to it, at the specified office of any Transfer Agent; provided, however, that where such Bearer Note is surrendered for exchange after the Record Date (as defined in Condition 6) for any payment of interest, the Coupon in respect of that payment of interest need not be surrendered with it. Bearer Notes of one Specified Denomination may not be exchanged for Bearer Notes of another Specified Denomination.

(e) **Delivery of New Certificates and Notes**: New Certificate(s) or Note(s) issued upon any transfer, exchange, partial redemption or partial exercise of options in accordance with this Condition 2 shall be mailed by uninsured post at the risk of the holder entitled to the new Certificate or Note to such address as may be so specified in the request for transfer or exchange, or in the redemption exercise notice delivered by the holder requesting such transfer, exchange or partial redemption, to the relevant Transfer Agent or Registrar, as the case may be (in respect of Registered Notes), or (if no address is so specified) as appears in the Register, or otherwise in accordance with the customary procedures of the relevant Transfer Agent, the Registrar or the Fiscal Agent, as the case may be, unless such holder requests otherwise and pays in advance to the relevant Agent the costs of such other method of delivery and/or such insurance as it may specify.

(f) **Exchange Free of Charge**: Exchanges of Bearer Notes for Registered Notes and registrations of transfers of Certificates shall be effected without charge by or on behalf of the Corporation, the Registrar or the Transfer Agents, provided that the transferor or holder shall bear the expense of the issue and delivery of any Registered Note and shall make any payment of any tax or other governmental charges that may be imposed in relation to it (or the giving of such indemnity as the Registrar or the relevant Transfer Agent may require).

(g) **Closed Periods**: No transfer of a Registered Note or the exchange of a Bearer Note for one or more Registered Note(s) will be effected (i) in the case of a transfer of a Registered Note or exchange of a Bearer Note, during the period of 15 days immediately preceding the due date for any payment of principal, redemption amount or premium (if any) in respect of that Note, or, in the case of a transfer of a Fed Bookentry Note, during the period of 10 days immediately preceding the due date for any payment of principal, redemption amount or premium (if any) in respect of that Note, (ii) during the notice period immediately preceding any date on which Notes may be called for redemption by the Corporation at its option pursuant to Condition 5(c), (iii) after any such Note has been called for redemption or (iv) during the period of 7 days ending on (and including) any Record Date (as defined in Condition 6(c)). If specified hereon that Bearer Notes may be exchanged for Registered Notes, then any such Bearer Note called for redemption may be exchanged for one or more Registered Note(s) not later than the relevant Record Date, provided that the Certificate in respect of such Registered Note(s) is simultaneously surrendered.

(h) **Provisions Concerning Transfers**: All transfers of Registered Notes and entries on the Register will be made in accordance with the relevant procedures of the Registrar. A copy of the relevant procedures will be made available by the Registrar to any holder of a Registered Note upon request.

3. **Status of Notes**

The Notes are direct, unconditional, general and unsecured obligations of the Corporation ranking pari passu and without any preference among themselves and pari passu with all other outstanding unsecured and unsubordinated obligations for borrowed money of the Corporation.

THE NOTES ARE NOT OBLIGATIONS OF THE INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT OR OF ANY GOVERNMENT.

4. **Interest**

(a) **Interest on Fixed Rate Notes**: Each Fixed Rate Note bears interest on its outstanding nominal amount from and including the Interest Commencement Date at the rate per annum equal to the Rate of Interest, such interest being payable in arrear on each Interest Payment Date. The amount of interest payable shall be determined in accordance with Condition 4(h).
(b) Interest on Floating Rate Notes and Index Linked Interest Notes:

(i) Interest Payment Dates:

Each Floating Rate Note and Index Linked Interest Note bears interest on its outstanding nominal amount from and including the Interest Commencement Date at the rate per annum (expressed as a percentage) equal to the Rate of Interest, such interest being payable in arrear on each Interest Payment Date. The amount of interest payable shall be determined in accordance with Condition 4(h). Such Interest Payment Date(s) is/are either specified hereon as Specified Interest Payment Dates or, if no Specified Interest Payment Date(s) is/are specified hereon, Interest Payment Date shall mean each date which falls the number of months or other period specified hereon as the Interest Period after the preceding Interest Payment Date or, in the case of the first Interest Payment Date, after the Interest Commencement Date.

(ii) Business Day Convention:

If any date referred to in these Conditions that is specified to be subject to adjustment in accordance with a Business Day Convention would otherwise fall on a day that is not a Business Day, then, if the Business Day Convention specified is (A) the Floating Rate Business Day Convention, such date shall be postponed to the next day that is a Business Day unless it would thereby fall into the next calendar month, in which event (x) such date shall be brought forward to the immediately preceding Business Day and (y) each subsequent such date shall be the last Business Day of the month in which such date would have fallen had it not been subject to adjustment, (B) the Following Business Day Convention, such date shall be postponed to the next day that is a Business Day, (C) the Modified Following Business Day Convention, such date shall be postponed to the next day that is a Business Day unless it would thereby fall into the next calendar month, in which event such date shall be brought forward to the immediately preceding Business Day or (D) the Preceding Business Day Convention, such date shall be brought forward to the immediately preceding Business Day.

(iii) Rate of Interest for Floating Rate Notes:

The Rate of Interest in respect of Floating Rate Notes for each Interest Accrual Period shall be determined in the manner specified hereon and the provisions below relating to either ISDA Determination or Screen Rate Determination shall apply, depending upon which is specified hereon.

(A) ISDA Determination for Floating Rate Notes

Where ISDA Determination is specified hereon as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Accrual Period shall be determined by the Calculation Agent as a rate equal to the relevant ISDA Rate. For the purposes of this sub-paragraph (A), “ISDA Rate” for an Interest Accrual Period means a rate equal to the Floating Rate that would be determined by the Calculation Agent under a Swap Transaction under the terms of an agreement incorporating the ISDA Definitions and under which:

(x) the Floating Rate Option is as specified hereon;

(y) the Designated Maturity is a period specified hereon; and

(z) the relevant Reset Date is the first day of that Interest Accrual Period unless otherwise specified hereon.

For the purposes of this sub-paragraph (A), “Floating Rate”, “Calculation Agent”, “Floating Rate Option”, “Designated Maturity”, “Reset Date” and “Swap Transaction” have the meanings given to those terms in the ISDA Definitions.

(B) Screen Rate Determination for Floating Rate Notes
(x) Where Screen Rate Determination is specified hereon as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Accrual Period will, subject as provided below, be either:

(1) the offered quotation; or

(2) the arithmetic mean of the offered quotations,

(expressed as a percentage rate per annum) for the Reference Rate which appears or appear, as the case may be, on the Relevant Screen Page as at either 11.00 a.m. (London time in the case of LIBOR or Brussels time in the case of EURIBOR) on the Interest Determination Date in question as determined by the Calculation Agent. If five or more of such offered quotations are available on the Relevant Screen Page, the highest (or, if there is more than one such highest quotation, one only of such quotations) and the lowest (or, if there is more than one such lowest quotation, one only of such quotations) shall be disregarded by the Calculation Agent for the purpose of determining the arithmetic mean of such offered quotations.

If the Reference Rate from time to time in respect of Floating Rate Notes is specified hereon as being other than LIBOR or EURIBOR, the Rate of Interest in respect of such Notes will be determined as provided hereon.

(y) If the Relevant Screen Page is not available or, if sub-paragraph (x)(1) applies and no such offered quotation appears on the Relevant Screen Page, or, if sub-paragraph (x)(2) applies and fewer than three such offered quotations appear on the Relevant Screen Page, in each case as at the time specified above, subject as provided below, the Calculation Agent shall request, if the Reference Rate is LIBOR, the principal London Branch of each of the Reference Banks or, if the Reference Rate is EURIBOR, the principal Euro-zone office of each of the Reference Banks, to provide the Calculation Agent with its offered quotation (expressed as a percentage rate per annum) for the Reference Rate if the Reference Rate is LIBOR, at approximately 11.00 a.m. (London time), or if the Reference Rate is EURIBOR, at approximately 11.00 a.m. (Brussels time) on the Interest Determination Date in question. If two or more of the Reference Banks provide the Calculation Agent with such offered quotations, the Rate of Interest for such Interest Accrual Period shall be the arithmetic mean of such offered quotations as determined by the Calculation Agent.

(z) If paragraph (y) above applies and the Calculation Agent determines that fewer than two Reference Banks are providing offered quotations, subject as provided below, the Rate of Interest shall be the arithmetic mean of the rates per annum (expressed as a percentage) as communicated to (and at the request of) the Calculation Agent by the Reference Banks or any two or more of them, at which such banks were offered, if the Reference Rate is LIBOR, at approximately 11.00 a.m. (London time) or, if the Reference Rate is EURIBOR, at approximately 11.00 a.m. (Brussels time) on the relevant Interest Determination Date, deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate by leading banks in, if the Reference Rate is LIBOR, the London inter-bank market or, if the Reference Rate is EURIBOR, the Euro-zone inter-bank market, as the case may be, or, if fewer than two of the Reference Banks provide the Calculation Agent with such offered rates, the offered rate for deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate, or the arithmetic mean of the offered rates for deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate, at which, if the Reference Rate is LIBOR, at approximately 11.00 a.m. (London time) or, if the Reference Rate is EURIBOR, at approximately 11.00 a.m. (Brussels time), on the relevant
Interest Determination Date, any one or more banks (which bank or banks is or are in the opinion of the Calculation Agent and the Corporation suitable for such purpose) informs the Calculation Agent it is quoting to leading banks in, if the Reference Rate is LIBOR, the London inter-bank market or, if the Reference Rate is EURIBOR, the Euro-zone inter-bank market, as the case may be, provided that, if the Rate of Interest cannot be determined in accordance with the foregoing provisions of this paragraph, the Rate of Interest shall be determined as at the last preceding Interest Determination Date (though substituting, where a different Margin or Maximum or Minimum Rate of Interest is to be applied to the relevant Interest Accrual Period from that which applied to the last preceding Interest Accrual Period, the Margin or Maximum or Minimum Rate of Interest relating to the relevant Interest Accrual Period, in place of the Margin or Maximum or Minimum Rate of Interest relating to that last preceding Interest Accrual Period).

(iv) Rate of Interest for Index Linked Interest Notes:

The Rate of Interest in respect of Index Linked Interest Notes for each Interest Accrual Period shall be determined in the manner specified hereon and interest will accrue by reference to an Index or Formula as specified hereon.

(c) Zero Coupon Notes: Where a Note the Interest Basis of which is specified to be Zero Coupon is repayable prior to the Maturity Date, the amount due and payable prior to the Maturity Date shall be the Early Redemption Amount of such Note. As from the Maturity Date, the Rate of Interest for any overdue principal of such a Note shall be a rate per annum (expressed as a percentage) equal to the Amortization Yield (as described in Condition 5(b)(i)).

(d) Dual Currency Notes: In the case of Dual Currency Notes, if the rate or amount of interest fails to be determined by reference to a Rate of Exchange or a method of calculating Rate of Exchange, the rate or amount of interest payable shall be determined in the manner specified hereon.

(e) Partly Paid Notes: In the case of Partly Paid Notes (other than Partly Paid Notes which are Zero Coupon Notes), interest will accrue as aforesaid on the paid-up nominal amount of such Notes and otherwise as specified hereon.

(f) Accrual of Interest: Interest shall cease to accrue on each Note on the due date for redemption unless, upon due presentation, payment is improperly withheld or refused, in which event interest shall continue to accrue (as well after as before judgment) at the Rate of Interest in the manner provided in this Condition 4 to the Relevant Date (as defined in Condition 7).

(g) Margin, Maximum/Minimum Rates of Interest, Instalment Amounts and Redemption Amounts and Rounding:

(i) If any Margin is specified hereon (either (x) generally, or (y) in relation to one or more Interest Accrual Periods), an adjustment shall be made to all Rates of Interest, in the case of (x), or the Rates of Interest for the specified Interest Accrual Periods, in the case of (y), calculated in accordance with (b) above by adding (if a positive number) or subtracting the absolute value (if a negative number) of such Margin subject always to the next paragraph;

(ii) If any Maximum or Minimum Rate of Interest, Instalment Amount or Redemption Amount is specified hereon, then any Rate of Interest, Instalment Amount or Redemption Amount shall be subject to such maximum or minimum, as the case may be;

(iii) For the purposes of any calculations required pursuant to these Conditions (unless otherwise specified), (x) all percentages resulting from such calculations shall be rounded, if necessary, to the nearest one hundred-thousandth of a percentage point (with halves being rounded up), (y) all figures shall be rounded to seven significant figures (with halves being rounded up) and (z) all currency amounts that fall due and payable shall be rounded to the nearest unit of such currency (with halves being rounded up), save in the case of yen, which shall be rounded down to the nearest yen. For these
purposes “unit” means the lowest amount of such currency that is available as legal tender in the country(ies) of such currency.

(h) **Calculations:** The amount of interest payable per Calculation Amount in respect of any Note for any Interest Accrual Period shall be equal to the product of the Rate of Interest, the Calculation Amount specified hereon, and the Day Count Fraction for such Interest Accrual Period, unless an Interest Amount (or a formula for its calculation) is applicable to such Interest Accrual Period, in which case the amount of interest payable per Calculation Amount in respect of such Note for such Interest Accrual Period shall equal such Interest Amount (or be calculated in accordance with such formula). Where any Interest Period comprises two or more Interest Accrual Periods, the amount of interest payable per Calculation Amount in respect of such Interest Period shall be the sum of the Interest Amounts payable in respect of each of those Interest Accrual Periods. In respect of any other period for which interest is required to be calculated, the provisions above shall apply save that the Day Count Fraction shall be for the period for which interest is required to be calculated. If the Calculation Amount is not specified hereon, the Calculation Amount shall equal the minimum Specified Denomination.

(i) **Determination and Publication of Rates of Interest, Interest Amounts, Final Redemption Amounts, Early Redemption Amounts, Optional Redemption Amounts and Instalment Amounts:** The Calculation Agent shall, as soon as practicable on such date as the Calculation Agent may be required to calculate any rate or amount, obtain any quotation or make any determination or calculation, determine such rate and calculate the Interest Amounts for the relevant Interest Accrual Period, calculate the Final Redemption Amount, Early Redemption Amount, Optional Redemption Amount or Instalment Amount, obtain such quotation or make such determination or calculation, as the case may be, and cause the Rate of Interest and the Interest Amounts for each Interest Accrual Period and the relevant Interest Payment Date and, if required to be calculated, the Final Redemption Amount, Early Redemption Amount, Optional Redemption Amount or any Instalment Amount to be notified to the Global Agent, Fiscal Agent, the Corporation, each of the Paying Agents, the Noteholders, any other Calculation Agent appointed in respect of the Notes that is to make a further calculation upon receipt of such information and, if the Notes are listed on a stock exchange and the rules of such exchange or other relevant authority so require, such exchange or other relevant authority as soon as possible after their determination but in no event later than (i) the commencement of the relevant Interest Period, if determined prior to such time, in the case of notification to such exchange of a Rate of Interest and Interest Amount, or (ii) in all other cases, the fourth Business Day after such determination. Where any Interest Payment Date or Interest Period Date is subject to adjustment pursuant to Condition 4(b)(ii), the Interest Amounts and the Interest Payment Date so published may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without notice in the event of an extension or shortening of the Interest Period. If the Notes become due and payable under Condition 9, the accrued interest and the Rate of Interest payable in respect of the Notes shall nevertheless continue to be calculated as previously in accordance with this Condition but no publication of the Rate of Interest or the Interest Amount so calculated needs to be made. The determination of any rate or amount, the obtaining of each quotation and the making of each determination or calculation by the Calculation Agent(s) shall (in the absence of manifest error) be final and binding upon all parties.

(j) **Definitions:** In these Conditions, unless the context otherwise requires, the following defined terms shall have the meanings set out below:

“Business Day” means:

(i) in the case of a currency other than euro, a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets settle payments in the principal financial centre for such currency; and/or

(ii) in the case of euro, a day on which the TARGET system is operating (a “TARGET Business Day”); and/or

(iii) in the case of a currency and/or one or more Business Centres, a day (other than a Saturday or a Sunday) on which commercial banks and foreign exchange markets settle payments in such currency in the Business Centre(s) or, if no currency is indicated, generally in each of the Business Centres.
“Day Count Fraction” means, in respect of the calculation of an Interest Amount on any Note for any period of time (from and including the first day of such period to but excluding the last) (whether or not constituting an Interest Period or an Interest Accrual Period, the “Calculation Period”):

(i) if “Actual/Actual” or “Actual/Actual – ISDA” is specified hereon, the actual number of days in the Calculation Period divided by 365 (or, if any portion of that Calculation Period falls in a leap year, the sum of (A) the actual number of days in that portion of the Calculation Period falling in a leap year divided by 366 and (B) the actual number of days in that portion of the Calculation Period falling in a non-leap year divided by 365);

(ii) if “Actual/365 (Fixed)” is specified hereon, the actual number of days in the Calculation Period divided by 365;

(iii) if “Actual/360” is specified hereon, the actual number of days in the Calculation Period divided by 360;

(iv) if “30/360”, “360/360” or “Bond Basis” is specified hereon, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

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

where:

“Y_1” is the year, expressed as a number, in which the first day of the Calculation Period falls;

“Y_2” is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“M_1” is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

“M_2” is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“D_1” is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case D_1 will be 30; and

“D_2” is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number would be 31 and D_1 is greater than 29, in which case D_2 will be 30;

(v) if “30E/360” or “Eurobond Basis” is specified hereon, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

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

where:

“Y_1” is the year, expressed as a number, in which the first day of the Calculation Period falls;

“Y_2” is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“M_1” is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

“M_2” is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“D_1” is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case D_1 will be 30; and
“D₂” is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number would be 31, in which case D₂ will be 30;

(vi) if “30E/360 (ISDA)” is specified hereon, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

\[
\text{Day Count Fraction} = \frac{[360 \times (Y₂ - Y₁)] + [30 \times (M₂ - M₁)] + (D₂ - D₁)}{360}
\]

where:

“Y₁” is the year, expressed as a number, in which the first day of the Calculation Period falls;

“Y₂” is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“M₁” is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

“M₂” is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“D₁” is the first calendar day, expressed as a number, of the Calculation Period, unless (i) that day is the last day of February or (ii) such number would be 31, in which case D₁ will be 30; and

“D₂” is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless (i) that day is the last day of February but not the Maturity Date or (ii) such number would be 31, in which case D₂ will be 30;

(vii) if “Actual/Actual-ICMA” is specified hereon,

(a) if the Calculation Period is equal to or shorter than the Determination Period during which it falls, the number of days in the Calculation Period divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Periods normally ending in any year; and

(b) if the Calculation Period is longer than one Determination Period, the sum of:

(x) the number of days in such Calculation Period falling in the Determination Period in which it begins divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Periods normally ending in any year; and

(y) the number of days in such Calculation Period falling in the next Determination Period divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Periods normally ending in any year,

where:

“Determination Period” means the period from and including a Determination Date in any year to but excluding the next Determination Date; and

“Determination Date” means the date specified as such hereon or, if none is so specified, the Interest Payment Date; or

(viii) in all other cases, such other basis as may be agreed, as specified hereon.

“Euro-zone” means the region comprised of member states of the European Union that adopt the single currency in accordance with the Treaty establishing the European Community, as amended.
“Interest Accrual Period” means the period beginning on (and including) the Interest Commencement Date and ending on (but excluding) the first Interest Period Date and each successive period beginning on (and including) an Interest Period Date and ending on (but excluding) the next succeeding Interest Period Date.

“Interest Amount” means:

(i) in respect of an Interest Accrual Period, the amount of interest payable per Calculation Amount for that Interest Accrual Period and which, in the case of Fixed Rate Notes, and unless otherwise specified hereon, shall mean the Fixed Coupon Amount or Broken Amount specified hereon as being payable on the Interest Payment Date ending the Interest Period of which such Interest Accrual Period forms part; and

(ii) in respect of any other period, the amount of interest payable per Calculation Amount for that period.

“Interest Commencement Date” means the Issue Date or such other date as may be specified hereon.

“Interest Determination Date” means, with respect to a Rate of Interest and Interest Accrual Period, the date specified as such hereon or, if none is so specified, (i) the first day of such Interest Accrual Period if the Specified Currency is Sterling or (ii) the day falling two Business Days in London prior to the first day of such Interest Accrual Period if the Specified Currency is neither Sterling nor euro or (iii) the day falling two TARGET Business Days prior to the first day of such Interest Accrual Period if the Specified Currency is euro.

“Interest Period” means the period specified as such hereon or, if none is so specified, the period beginning on (and including) the Interest Commencement Date and ending on (but excluding) the first Interest Payment Date and each successive period beginning on (and including) an Interest Payment Date and ending on (but excluding) the next succeeding Interest Payment Date.

“Interest Period Date” means each Interest Payment Date unless otherwise specified hereon.

“ISDA Definitions” means the 2006 ISDA Definitions, as published by the International Swaps and Derivatives Association, Inc., unless otherwise specified hereon.

“Rate of Interest” means the rate of interest payable from time to time in respect of this Note and that is either specified hereon or calculated in accordance with the provisions specified hereon.

“Reference Banks” means, in the case of a determination of LIBOR, the principal London office of four major banks in the London inter-bank market and, in the case of a determination of EURIBOR, the principal Euro-zone office of four major banks in the Euro-zone inter-bank market, in each case selected by the Calculation Agent or as specified hereon.

“Reference Rate” means the rate specified as such hereon.

“Relevant Screen Page” means such page, section, caption, column or other part of a particular information service as may be specified hereon.

“Specified Currency” means the currency specified as such hereon or, if none is specified, the currency in which the Notes are denominated.

“TARGET System” means the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET) System or any successor thereto.

(k) Calculation Agent: The Corporation shall procure that there shall at all times be one or more Calculation Agents if provision is made for them in the applicable Final Terms and for so long as any Note is outstanding (as defined in the Global Agency Agreement). Where more than one Calculation Agent is appointed in respect of the Notes, references in these Conditions to the Calculation Agent shall be construed as each Calculation Agent performing its respective duties under the Conditions. If the Calculation Agent is unable or unwilling to act as such or if the Calculation Agent fails duly to
establish the Rate of Interest for an Interest Accrual Period or to calculate any Interest Amount, Instalment Amount, Final Redemption Amount, Early Redemption Amount or Optional Redemption Amount, as the case may be, or to comply with any other requirement, the Corporation shall appoint a leading bank or investment banking firm engaged in the interbank market (or, if appropriate, money, swap or over-the-counter index options market) that is most closely connected with the calculation or determination to be made by the Calculation Agent (acting through its principal London office or any other office actively involved in such market) to act as such in its place. The Calculation Agent may not resign its duties without a successor having been appointed as aforesaid.

5. Redemption, Purchase and Options

(a) Final Redemption: Unless previously redeemed, purchased and cancelled as provided below, each Note shall be finally redeemed on the Maturity Date specified hereon at its Final Redemption Amount (which, unless otherwise provided, is its nominal amount) or, in the case of a Note falling within paragraph (b) below, its final Instalment Amount.

(b) Redemption by Instalments: Unless previously redeemed, purchased and cancelled as provided in this Condition 6, each Note that provides for Instalment Dates and Instalment Amounts shall be partially redeemed on each Instalment Date at the related Instalment Amount specified hereon. The outstanding nominal amount of each such Note shall be reduced by the Instalment Amount (or, if such Instalment Amount is calculated by reference to a proportion of the nominal amount of such Note, such proportion) for all purposes with effect from the related Instalment Date, unless payment of the Instalment Amount is improperly withheld or refused, in which case, such amount shall remain outstanding until the Relevant Date relating to such Instalment Amount.

(c) Early Redemption Amounts:

(i) Notes Other than Zero Coupon Notes:

The Early Redemption Amount payable in respect of any Note (other than Notes described in (ii) below), upon it becoming due and payable as provided in Condition 9, shall be the Final Redemption Amount unless otherwise specified hereon.

(ii) Zero Coupon Notes:

(A) The Early Redemption Amount payable in respect of any Zero Coupon Note, upon it becoming due and payable as provided in Condition 9, shall be the Amortized Face Amount (calculated as provided below) of such Note unless the Early Redemption Amount is linked to an index and/or a formula, or unless otherwise specified hereon.

(B) Subject to the provisions of sub-paragraph (C) below, the Amortized Face Amount of any such Note shall be the scheduled Final Redemption Amount of such Note on the Maturity Date discounted at a rate per annum (expressed as a percentage) equal to the Amortization Yield (which, if none is specified hereon, shall be such rate as would produce an Amortized Face Amount equal to the issue price of the Notes if they were discounted back to their issue price on the Issue Date) compounded annually.

(C) If the Early Redemption Amount payable in respect of any such Note upon it becoming due and payable as provided in Condition 9 is not paid when due, the Early Redemption Amount due and payable in respect of such Note shall be the Amortized Face Amount of such Note as defined in sub-paragraph (B) above, except that such sub-paragraph shall have effect as though the date on which the Note becomes due and payable were the Relevant Date. The calculation of the Amortized Face Amount in accordance with this sub-paragraph shall continue to be made (both before and, to the extent permitted by applicable law, after judgment) until the Relevant Date, unless the Relevant Date falls on or after the Maturity Date, in which case the amount due and payable shall be the scheduled Final Redemption Amount of such Note on the Maturity Date together with any interest that may accrue in accordance with Condition 4(c).
Where such calculation is to be made for a period of less than one year, it shall be made on the basis of the Day Count Fraction specified hereon.

(d) Redemption at the Option of the Corporation: If Call Option is specified hereon as applicable, the Corporation may, on giving not less than 14 nor more than 30 days’ irrevocable notice to the Noteholders (or such other notice period as may be specified hereon) redeem, all or, if so provided, some, of the Notes on any Optional Redemption Date. Any such redemption of Notes shall be at their Optional Redemption Amount together with interest accrued to the date fixed for redemption. Any such redemption or exercise must relate to Notes of a nominal amount at least equal to the Minimum Redemption Amount to be redeemed specified hereon and no greater than the Maximum Redemption Amount to be redeemed specified hereon.

All Notes in respect of which any such notice is given shall be redeemed on the Optional Redemption Date specified in such notice in accordance with this Condition.

In the case of a partial redemption of Notes other than Fed Bookentry Notes, the notice to Noteholders shall also contain the certificate numbers of the Bearer Notes, or, in the case of Registered Notes, shall specify the nominal amount of Registered Notes drawn and the holder(s) of such Registered Notes, to be redeemed, which shall have been drawn in such place and in such manner as may be fair and reasonable in the circumstances, taking account of prevailing market practices, subject to compliance with any applicable laws and stock exchange or other relevant authority requirements. So long as the Notes are listed on the Luxembourg Stock Exchange or any other stock exchange and the rules of that stock exchange so require, the Corporation shall, once in each year in which there has been a partial redemption of the Notes, cause to be published either on the website of the Luxembourg Stock Exchange (www.bourse.lu) or in a newspaper having general circulation in Luxembourg or, as specified by such other stock exchange, a notice specifying the aggregate nominal amount of Notes outstanding and a list of the Notes drawn for redemption but not surrendered. In the case of a partial redemption of Fed Bookentry Notes, each such Note will be redeemed in the amount of its pro rata share of the aggregate amount of such partial redemption and thereafter shall be treated as being outstanding as to its unredeemed balance.

(e) Redemption at the Option of Noteholders: If Put Option is specified hereon as applicable, the Corporation shall, at the option of the holder of any such Note, upon the holder of such Note giving not less than 46 nor more than 60 days’ notice to the Corporation (or such other notice period as may be specified hereon) redeem such Note on the Optional Redemption Date(s) at its Optional Redemption Amount together with interest accrued to the date fixed for redemption.

In the case of a Note which is not a Fed Bookentry Note, to exercise such option the holder must deposit (in the case of Bearer Notes) such Note (together with all unmatured Receipts and Coupons and unexchanged Talons) with any Paying Agent or (in the case of Registered Notes) the Certificate representing such Note(s) with the Registrar or any Transfer Agent at its specified office, together with a duly completed option exercise notice (“Exercise Notice”) in the form obtainable from any Paying Agent, the Registrar or any Transfer Agent (as applicable) within the notice period. In the case of a Fed Bookentry Note, if the holder wishes to exercise such option, the holder must give notice thereof to the Corporation through the relevant Holding Institution. No Note or Certificate so deposited and option exercised may be withdrawn (except as provided in the Fiscal Agency Agreement or the Global Agency Agreement) without the prior consent of the Corporation.

(f) Automatic Early Redemption: If Automatic Early Redemption is specified hereon as applicable, the Corporation shall redeem all of the Notes on the Optional Redemption Date at their Optional Redemption Amount together with interest accrued to the date fixed for redemption.

(g) Partly Paid Notes: Partly Paid Notes will be redeemed, whether at maturity, early redemption or otherwise, in accordance with the provisions of this Condition and the provisions specified hereon.

(h) Purchases: The Corporation may at any time purchase or otherwise acquire Notes in the open market or otherwise. Notes purchased or otherwise acquired by the Corporation may be held or resold or, at the discretion of the Corporation, surrendered to the Global Agent for cancellation (together with (in the case of Definitive Bearer Notes) any unmatured Coupons, unexchanged Talons or Receipts attached thereto or purchased therewith). If purchases are made by tender, tenders must be made available to all Noteholders of the same Series alike.
Cancellation: All Notes purchased by or on behalf of the Corporation may be surrendered for cancellation, in the case of Bearer Notes, by surrendering each such Note together with all unmatured Receipts and Coupons and all unexchanged Talons to the Global Agent and, in the case of Registered Notes, by surrendering the Certificate representing such Notes to the Registrar, and, in each case, if so surrendered, shall, together with all Notes redeemed by the Corporation, be cancelled forthwith (together with all unmatured Receipts and Coupons and unexchanged Talons attached thereto or surrendered therewith). Any Notes so surrendered for cancellation may not be reissued or resold and the obligations of the Corporation in respect of any such Notes shall be discharged.

6. Payments

(a) Bearer Notes:

(i) Payments of principal and interest in respect of Bearer Notes shall, subject as mentioned below, be made against presentation and surrender of the relevant Receipts (in the case of payments of Instalment Amounts other than on the due date for redemption and provided that the Receipt is presented for payment together with its relative Note), Notes (in the case of all other payments of principal and, in the case of interest, as specified in Condition 6(f)(vi)) or Coupons (in the case of interest, save as specified in Condition 6(f)(vi)), as the case may be, at the specified office of any Paying Agent outside the United States by a check payable in the relevant currency drawn on, or, at the option of the holder, by transfer to an account denominated in such currency with, a Bank. “Bank” means a bank in the principal financial centre for such currency or, in the case of euro, in a city in which banks have access to the TARGET System.

(ii) Notwithstanding the foregoing, if the Specified Currency of any Bearer Notes or payments thereunder are otherwise to be made in U.S. dollars, payments in respect thereof may be made at the specified office of any Paying Agent in New York City in the same manner as aforesaid if (i) the Corporation shall have appointed Paying Agents with specified offices outside the United States with the reasonable expectation that such Paying Agents would be able to make payment of the amounts on the Notes in the manner provided above when due, (ii) payment in full of such amounts at all such offices is illegal or effectively precluded by exchange controls or other similar restrictions on payment or receipt of such amounts, and (iii) such payment is then permitted by U.S. law.

Payments of principal, premium (if any) and interest in respect of Bearer Notes represented by a Global Note in classic global note (“CGN”) form will (subject as provided below) be made in the manner specified above in relation to Definitive Bearer Notes and otherwise in the manner specified in the relevant Global Note against presentation or surrender, as the case may be, of such Global Note at the specified office of any Paying Agent. A record of which payment made against presentation or surrender of such Global Note in CGN form, distinguishing between any payment of principal and any payment of interest, will be made on such Global Note by such Paying Agent and such record shall be prima facie evidence that the payment in question has been made. If the Global Note is in new global note (“NGN”) form, the Corporation shall procure that details of each such payment shall be entered pro rata in the records of the relevant clearing system and in the case of payments of principal, the nominal amount of the Notes recorded in the records of the relevant clearing system and represented by the Global Note will be reduced accordingly. Payments under the Global Note in NGN form will be made to its holder. Each payment so made will discharge the Corporation’s obligations in respect thereof. Any failure to make the entries in the records of the relevant clearing system shall not affect such discharge.

(b) Fed Bookentry Notes:

(i) Payments of principal and interest on the Notes will be payable at a designated office or agency of the Corporation in New York City in U.S. dollars to the holder on the Fed Bookentry Record Date (as defined below), provided that, at the Corporation’s option, principal and interest in respect of Fed Bookentry Notes may be paid by credit to a Federal Reserve Bank or branch account of Holding Institutions holding such Fed Bookentry Notes. The Federal Reserve Bank of New York, 33 Liberty Street, New
York, New York 10045, will act as the Fiscal Agent for the Notes pursuant to the Fiscal Agency Agreement. The “Fed Bookentry Record Date” for the purpose of payment of interest or principal on the Fed Bookentry Notes shall be as of the close of business at the Fiscal Agent on the day preceding the due date for payment thereof. If any such day is not a day on which the Fiscal Agent is open for business, the Fed Bookentry Record Date shall be the next preceding day on which the Fiscal Agent is open for business.

(ii) Noteholders will not be entitled to any interest or other payment for any delay after the due date if any date for payment is not a day on which the Fiscal Agent is open for business, and the Noteholder will not be entitled to payment until the next following day on which the Fiscal Agent is open for business.

(c) Registered Notes:

(i) Payments of principal (which for the purposes of this Condition 6(c) shall include final Instalment Amounts but not other Instalment Amounts) in respect of Registered Notes shall be made against surrender of the relevant Certificates at the specified office of any of the Transfer Agents or of the Registrar and in the same manner provided in paragraph (ii) below.

(ii) Interest (which for the purpose of this Condition 6(c) shall include all Instalment Amounts other than final Instalment Amounts) on Registered Notes shall be paid to the person shown on the Register at the close of business on the fifteenth day before the due date for payment thereof (the “Record Date”). Payments of interest on each Registered Note shall be made in the relevant currency by check drawn on a Bank and mailed to the holder (or to the first-named of joint holders) of such Note at its address appearing in the Register. Upon application by the holder to the specified office of the Registrar or any Transfer Agent before the Record Date, such payment of interest may be made by transfer to an account in the relevant currency maintained by the payee with a Bank.

(iii) Registered Notes held through The Depository Trust Company (“DTC”) will be paid as follows:

(A) if the Specified Currenc(y/ies) for payment is(are) U.S. dollars, payments of principal, premium (if any), and/or interest will be made in accordance with Conditions 6(c)(i) and (ii).

(B) if the Specified Currenc(y/ies) for payment is(are) a currency other than U.S. dollars, payments of principal and interest will be made by the Global Agent in the relevant currency to the Exchange Agent who will make payments in such currency by wire transfer of same day funds to the designated account in such currency of DTC participants entitled to receive the relevant payment who have made an irrevocable election prior to 5:00 p.m. New York City time on the third day on which banks are open for business in New York City (a “DTC Business Day”) following the applicable Record Date in the case of interest and the twelfth calendar day prior to the payment date for the payment of principal to receive that payment in such currency. In the case of DTC participants entitled to receive the relevant payments but who have not elected to receive payments in such currency, the Exchange Agent, after converting amounts in such currency into U.S. dollars as necessary to make payments in U.S. dollars, will deliver U.S. dollar amounts in same day funds to DTC for payment through its settlement system to such DTC participants. The Global Agency Agreement sets out the manner in which such conversions or such elections are to be made.

(iv) Noteholders will not be entitled to any interest or other payment for any postponed payment resulting from the application of Condition 6(h) if the Noteholder is late in surrendering its Certificate (if required to do so) or if its Certificate cannot be surrendered to a Transfer Agent that is open for business on the day of such surrender or if a check mailed in accordance with this Condition 6(c) arrived after the due date for payment.
(d) **Payments Subject to Law:** All payments are subject in all cases to any applicable fiscal or other laws, regulations and directives. No commission or expenses shall be charged to the Noteholders or Couponholders in respect of such payments.

(e) **Appointment of Agents:** The Fiscal Agent, the Global Agent, the Paying Agents, the Registrar, the Transfer Agents and the Calculation Agent initially appointed by the Corporation and their respective specified offices are listed below. The Fiscal Agent, the Global Agent, the Paying Agents, the Registrar, Transfer Agents and the Calculation Agent(s) act solely as agents of the Corporation and do not assume any obligation or relationship of agency or trust for or with any Noteholder or Couponholder. The Corporation reserves the right at any time to vary or terminate the appointment of the Fiscal Agent, the Global Agent, any other Paying Agent, the Registrar, any Transfer Agent, any Calculation Agent or any other agent and to appoint a substitute Fiscal Agent or Global Agent and/or additional or other Paying Agents, Registrars, Transfer Agents, Calculation Agents or any other agent; provided that the Corporation shall at all times maintain (i) a Fiscal Agent with respect to Fed Bookentry Notes, (ii) a Global Agent with respect to Bearer Notes and Registered Notes, (iii) for Registered Notes, a Registrar and Transfer Agent in New York City and a Transfer Agent having its specified office in a European city which, so long as Notes are listed on the Luxembourg Stock Exchange, will be Luxembourg, (iv) for Bearer Notes, a Paying Agent having its specified office in a European city which, so long as the Notes are listed on the Luxembourg Stock Exchange, will be Luxembourg, (v) for so long as any Notes are listed on the Singapore Exchange Securities Trading Limited (and that Exchange so requires), a paying agent (which may be the Global Agent) having a specified office in Singapore, (vi) one or more Calculation Agent(s) if specified hereon, and (vii) such other agents as may be required by any other stock exchange on which the Notes may be listed.

In addition, the Corporation shall appoint a Paying Agent in New York City in respect of any Bearer Notes the Specified Currency of which is U.S. dollars or payments in respect of which are otherwise to be made in U.S. dollars in the circumstances described in Condition 6(a)(ii).

Notice of any such change or any change of any specified office shall promptly be given to the Noteholders in accordance with Condition 13.

(f) **Unmatured Coupons and Receipts and Unexchanged Talons:**

(i) Upon the due date for redemption of Bearer Notes which comprise Fixed Rate Notes (other than Dual Currency Notes or Index Linked Notes), they should be surrendered for payment together with all unmatured Coupons (if any) relating thereto, failing which an amount equal to the face value of each missing unmatured Coupon (or, in the case of payment not being made in full, that proportion of the amount of such missing unmatured Coupon that the sum of principal so paid bears to the total principal due) shall be deducted from the Final Redemption Amount, Early Redemption Amount or Optional Redemption Amount, as the case may be, due for payment. Any amount so deducted shall be paid in the manner mentioned above against surrender of such missing Coupon within a period of 10 years from the Relevant Date for the payment of such principal (whether or not such Coupon has become void pursuant to Condition 8).

(ii) Upon the due date for redemption of any Bearer Note comprising a Floating Rate Note, Dual Currency Interest Note or Index Linked Note, any unmatured Coupon relating to such Note (whether or not attached) shall become void and no payment shall be made in respect of such Coupon.

(iii) Upon the due date for redemption of any Bearer Note, any unexchanged Talon relating to such Note (whether or not attached) shall become void and no Coupon shall be delivered in respect of such Talon.

(iv) Upon the due date for redemption of any Bearer Note that is redeemable in instalments, any Receipt relating to such Note having an Instalment Date falling on or after such due date (whether or not attached) shall become void and no payment shall be made in respect of such Receipt.

(v) Where any Bearer Note that provides that the relative unmatured Coupons are to become void upon the due date for redemption of those Notes is presented for
redemption without all unmatured Coupons, and where any Bearer Note is presented for redemption without any unexchanged Talon relating to it, redemption shall be made only against the provision of such indemnity as the Corporation may require.

(vi) If the due date for redemption of any Note is not a due date for payment of interest, interest accrued from the preceding due date for payment of interest or the Interest Commencement Date, as the case may be, shall only be payable against presentation (and surrender, if appropriate) of the relevant Bearer Note or Certificate representing it, as the case may be. Interest accrued on a Note that only bears interest after its Maturity Date shall be payable on redemption of such Note against presentation of the relevant Note or Certificate representing it, as the case may be.

(g) Talons: On or after the Interest Payment Date for the final Coupon forming part of a Coupon sheet issued in respect of any Bearer Note, the Talon forming part of such Coupon sheet may be surrendered at the specified office of the Global Agent in exchange for a further Coupon sheet (and if necessary another Talon for a further Coupon sheet) (but excluding any Coupons that may have become void pursuant to Condition 8).

(h) Non-Business Days: If any date for payment in respect of any Note, Receipt or Coupon is not a business day, the holder shall not be entitled to payment until the next following business day nor to any interest or other sum in respect of such postponed payment. In this paragraph, “business day” means a day (other than a Saturday or a Sunday) on which banks and foreign exchange markets are open for business in the relevant place of presentation, in such jurisdictions as shall be specified as “Financial Centres” in the applicable Final Terms; and:

(i) (in the case of a payment in a currency other than euro) where payment is to be made by transfer to an account maintained with a bank in the relevant currency, on which foreign exchange transactions may be carried on in the relevant currency in the principal financial centre of the country of such currency; or

(ii) (in the case of a payment in euro) which is a TARGET Business Day.

(i) Currency of Payment: If any payment in respect of this Note is payable in a Specified Currency other than U.S. dollars that is no longer used by the government of the country issuing such currency for the payment of public and private debts or used for settlement of transactions by public institutions in such country or within the international banking community, or in a Specified Currency that is not expected to be available, when any payment on this Note is due as a result of circumstances beyond the control of the Corporation, the Corporation shall be entitled to satisfy its obligations in respect of such payment by making such payment in U.S. dollars on the basis of the noon buying rate in U.S. dollars in the City of New York for wire transfers for such Specified Currency as published by the Federal Reserve Bank of New York on the second Business Day prior to such payment or, if such rate is not available on such second Business Day or is not so published, on the basis of the rate most recently available to the Calculation Agent on or prior to such second Business Day. Any payment made by the Corporation under such circumstances in such other currency or U.S. dollars will constitute valid payment, and will not constitute a default in respect of this Note. For the purpose of this Condition 6(i), “Business Day” means a day on which the Federal Reserve Bank of New York is open for business in New York City.

7. Taxation

The Notes (and any interest thereon) are not exempt from taxation generally.

Under the Articles of Agreement constituting the Corporation, the Corporation is not under any obligation to withhold or pay any tax imposed by any member country in respect of the Notes. Accordingly, payments in respect of principal, premium (if any), and interest due on the Notes will be paid to the Global Agent or the Fiscal Agent, as the case may be, without deduction in respect of any such tax.

Under the Articles of Agreement constituting the Corporation, payments in respect of principal, premium (if any), and interest due on the Notes are not subject to any tax by a member (i) which tax discriminates against the Notes solely because they are issued by the Corporation, or (ii) if the sole
jurisdictional basis for the tax is the place or currency in which the Notes are issued, made payable or paid, or the location of any office or place of business maintained by the Corporation.

8. Prescription

Other than for Notes, Receipts and Coupons governed by the laws of the State of New York, claims against the Corporation for payment in respect of the Notes, Receipts and Coupons (which for this purpose shall not include Talons) shall be prescribed and become void unless made within ten years (in the case of principal) or five years (in the case of interest) from the appropriate Relevant Date in respect thereof. As used in these Conditions, “Relevant Date” in respect of any Note, Receipt or Coupon means the date on which payment in respect of it first becomes due or (if any amount of the money payable is improperly withheld or refused) the date on which payment in full of the amount outstanding is made or (if earlier) the date seven days after that on which notice is duly given to the Noteholders that, upon further presentation of the Note (or surrender of the relative Certificate), Receipt or Coupon being made in accordance with the Conditions, such payment will be made, provided that payment is in fact made upon such presentation or surrender. References in these Conditions to (i) “principal” shall be deemed to include any premium payable in respect of the Notes, all Instalment Amounts, Final Redemption Amounts, Early Redemption Amounts, Optional Redemption Amounts, Amortized Face Amounts and all other amounts in the nature of principal payable pursuant to Condition 5 or any amendment or supplement to it and (ii) “interest” shall be deemed to include all Interest Amounts and all other amounts payable pursuant to Condition 4 or any amendment or supplement to it.

9. Events of Default

With respect to a Series of Notes, if the Corporation shall either (a) fail to pay when due the principal of, premium (if any), or interest on, any Note of such Series or (b) fail to pay when due in aggregate an amount equal to or exceeding U.S.$20,000,000 or its equivalent in any other relevant currency or currencies of the principal of, premium (if any), or interest on, any Note of another Series, or any notes, bonds or similar obligations (other than the Notes) which shall have been issued, assumed or guaranteed by the Corporation and, in either case, such failure shall continue for a period of 90 days, then at any time thereafter and during the continuance of such failure, the holder of any Note of such Series may deliver or cause to be delivered to the Corporation at its principal office in the City of Washington, D.C., written notice that such holder elects to declare all Notes of such Series held by it (the serial numbers and denominations of which shall be set forth in such notice) to be due and payable, and on the thirtieth day after such notice shall be so delivered to the Corporation, such Notes shall become due and payable together with accrued interest thereon, unless prior to that time all such defaults shall have been cured.

For the purpose of this Condition 9, any payment obligations that are denominated in a currency other than U.S. dollars shall be translated into U.S. dollars at the spot rate for the sale of U.S. dollars against the purchase of the relevant currency quoted by a leading commercial bank in London on the day on which default in respect of payment thereon is made (or, if for any reason such rate is not available on that day, on the first day thereafter on which such rate is available or as otherwise determined by the Global Agent or the Fiscal Agent, as the case may be, after consultation with the Corporation).

10. Meeting of Noteholders and Modifications

(a) Meetings of Noteholders: The Global Agency Agreement contains provisions for convening meetings of Noteholders to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution (as defined in the Global Agency Agreement) of a modification of any of these Conditions. Such a meeting may be convened by Noteholders holding not less than 10 per cent. in nominal amount of the Notes for the time being outstanding. The quorum for any meeting convened to consider an Extraordinary Resolution shall be two or more persons holding or representing a clear majority in nominal amount of the Notes for the time being outstanding, or at any adjourned meeting two or more persons being or representing Noteholders whatever the nominal amount of the Notes held or represented, unless the business of such meeting includes consideration of proposals, inter alia, (i) to amend the dates of maturity or redemption of the Notes, any Instalment Date or any date for payment of interest or Interest Amounts on the Notes, (ii) to reduce or cancel the nominal amount of, or any
Instalment Amount of, or any premium payable on redemption of, the Notes, (iii) to reduce the Rate(s) of Interest in respect of the Notes or to vary the method or basis of calculating the Interest Amount(s) or the basis for calculating any Interest Amount in respect of the Notes, (iv) if a Minimum Rate of Interest and/or a Maximum Rate of Interest, Instalment Amount, Final Redemption Amount, Early Redemption Amount, Optional Redemption Amount or other redemption amount is specified, to reduce any such Minimum Rate of Interest and/or Maximum Rate of Interest or redemption amount, (v) to vary any method of, or basis for, calculating any redemption amount, including the method of calculating the Amortized Face Amount, (vi) to vary the currency or currencies of payment or denomination of the Notes, (vii) to take any steps that as specified hereon may only be taken following approval by an Extraordinary Resolution to which the special quorum provisions apply or (viii) to modify the provisions concerning the quorum required at any meeting of Noteholders or the majority required to pass the Extraordinary Resolution, in which case the necessary quorum shall be two or more persons holding or representing not less than 75 per cent., or at any adjourned meeting not less than 25 per cent., in nominal amount of the Notes for the time being outstanding. Any Extraordinary Resolution duly passed shall be binding on Noteholders (whether or not they were present at the meeting at which such resolution was passed) and on all Couponholders.

These Conditions may be amended, modified, or varied in relation to any Series of Notes by the terms of the applicable Final Terms in relation to such Series.

(b) Modification of Global Agency Agreement and Fiscal Agency Agreement: The Corporation shall only permit any modification of, or any waiver or authorization of any breach or proposed breach of or any failure to comply with, the Global Agency Agreement and the Fiscal Agency Agreement, if to do so could not reasonably be expected to be materially prejudicial to the interests of the Noteholders.

11. Replacement of Notes, Certificates, Receipts, Coupons and Talons

If a Note, Certificate, Receipt, Coupon or Talon is lost, stolen, mutilated, defaced or destroyed, it may be replaced, subject to applicable laws and regulations, and the rules and regulations of relevant stock exchanges and clearing systems, at the specified office of the Paying Agent in Luxembourg (in the case of Bearer Notes, Receipts, Coupons or Talons), and of the Registrar (in the case of Certificates), or such other Paying Agent or Transfer Agent, as the case may be, as may from time to time be designated by the Corporation for the purpose and notice of whose designation is given to Noteholders, in each case on payment by the claimant of the fees and costs incurred in connection therewith and on such terms as to evidence, security and indemnity (which may provide, inter alia, that if the allegedly lost, stolen or destroyed Note, Certificate, Receipt, Coupon or Talon is subsequently presented for payment or, as the case may be, for exchange for further Coupons, there shall be paid to the Corporation on demand the amount payable by the Corporation in respect of such Notes, Certificates, Receipts, Coupons or further Coupons) and otherwise as the Corporation may require. Mutilated or defaced Notes, Certificates, Receipts, Coupons or Talons must be surrendered before replacements will be issued.

12. Further Issues

The Corporation may from time to time without the consent of the Noteholders create and issue further notes either having the same terms and conditions as the Notes in all respects (or in all respects save for the issue date and the first payment of interest thereon) and so that such further issue shall be consolidated and form a single series with the outstanding securities of any series (including the Notes) or upon such terms as the Corporation may determine at the time of their issue. References in these Conditions to the Notes include (unless the context requires otherwise) any other securities issued pursuant to this Condition and forming a further Tranche of Notes of the same Series as the Notes.

13. Notices

Notices to the holders of Registered Notes shall be mailed to them at their respective addresses in the Register. Notices to holders of Registered Notes shall be deemed to have been given on the fourth weekday (being a day other than a Saturday or a Sunday) after the date of mailing. Unless otherwise specified hereon, notices to the holders of Bearer Notes shall be valid if published in a daily newspaper of general circulation in London (which is expected to be the Financial Times), and so long as the Notes listed on the Luxembourg Stock Exchange, published either on the website of the Luxembourg Stock Exchange (www.bourse.lu) or in the daily newspaper with general circulation in Luxembourg.
(which is expected to be the Luxemburger Wort) and in respect of Notes listed on the Stock Exchange of Singapore Limited, in a leading English language daily newspaper with general circulation in Singapore (which is expected to be The Business Times). If any such publication is not practicable, notice shall be validly given if published in another leading daily English language newspaper with general circulation in Europe or Singapore, as applicable. Any such notice shall be deemed to have been given on the date of such publication or, if published more than once or on different dates, on the date of the first publication as provided above.

Other than in the case of Notes listed on the Luxembourg Stock Exchange or the Stock Exchange of Singapore Limited and the rules of the relevant stock exchange so require, until such time as any Definitive Bearer Notes are issued, there may, so long as the Global Note(s) is or are held in its or their entirety on behalf of Euroclear Bank S.A./N.V. (“Euroclear”) and Clearstream Banking, société anonyme (“Clearstream, Luxembourg”), be substituted for such publication in such newspaper the delivery of the relevant notice to Euroclear and Clearstream, Luxembourg for communication by them to the holders of the Notes. Any such notice shall be deemed to have been given to the holders of the Notes on the seventh day after the day on which the said notice was given to Euroclear and Clearstream, Luxembourg.

Holders of Coupons, Receipts and Talons shall be deemed for all purposes to have notice of the contents of any notice given to the holders of Bearer Notes in accordance with this Condition.

Notices to be given by any holder of the Notes (other than Fed Bookentry Notes) shall be in writing and given by lodging the same, together with the relative Note or Certificate, with the Global Agent or the Fiscal Agent, as the case may be. In the case of Bearer Notes, so long as any of such Notes are represented by a Global Note, such notice may be given by any holder of a Note to the Global Agent via Euroclear and/or Clearstream, Luxembourg, as the case may be, in such manner as the Global Agent and Euroclear and/or Clearstream, Luxembourg, as the case may be, may approve for this purpose.


In respect of any Notes, Receipts and Coupons governed by English law, unless specified otherwise in the Notes, no person shall have any right to enforce any term or condition of the Notes under the Contracts (Rights of Third Parties) Act 1999.

15. Governing Law and Jurisdiction

(a) Governing Law: The Notes, the Receipts, the Coupons and the Talons are governed by, and shall be construed in accordance with, either English law, the laws of the State of New York, or such other law as is specified hereon. The governing law of Partly Paid Notes shall not be the laws of the State of New York.

(b) Jurisdiction: With respect to any legal action or proceedings (“Proceedings”) in the courts of England arising out of or in connection with any Notes, Receipts, Coupons or Talons, the Corporation irrevocably submits to the non-exclusive jurisdiction of the courts of England.

(c) Service of Process: The Corporation irrevocably appoints its office at 12th Floor, Millbank Tower, 21-24 Millbank, London SW1P 4QP as its agent in England to receive, for it and on its behalf, service of process in any Proceedings in England. If the Corporation no longer maintains an office in England or if for any reason such process agent ceases to be able to act as such or no longer has an address in London, the Corporation irrevocably agrees to appoint a substitute process agent and shall immediately notify Noteholders of such appointment in accordance with Condition 13. Nothing shall affect the right to serve process in any manner permitted by law.
FINAL TERMS
dated October 28, 2016

International Finance Corporation
Issue of U.S.$152,000,000 1.546% Forests Bond due 2021 (the “Notes”)
under its
Global Medium-Term Note Program (the “Program”)

PART A – CONTRACTUAL TERMS

Terms used herein shall be deemed to be defined as such for the purposes of the Terms and Conditions set forth in the Prospectus dated June 3, 2008 (the “Base Prospectus”) as supplemented by the Series Prospectus dated October 28, 2016 (the “Series Prospectus”). This document constitutes the Final Terms of the Notes described herein and must be read in conjunction with the Base Prospectus as supplemented by the Series Prospectus. Full information on International Finance Corporation (the “Corporation”) and the offer of the Notes is only available on the basis of the combination of this Final Terms and the Base Prospectus as supplemented by the Series Prospectus. The Base Prospectus and the Series Prospectus are available for viewing at the following URL:

http://www.ifc.org/wps/wcm/connect/Topics_Ext_Content/IFC_External_Corporate_Site/IFC+Finance/Investor+Information/IFC+Bonds+and+Investment+Products/

and copies may be obtained from the Corporation at 2121 Pennsylvania Avenue, N.W., Washington DC 20433 and from the Global Agent.

THE NOTES ARE NOT AN OBLIGATION OF THE INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT OR OF ANY GOVERNMENT.

1. **Issuer:**
   International Finance Corporation

2. (i) **Series Number:**
   1650

   (ii) **Tranche Number:**
   01

3. **Specified Currency or Currencies:**
   U.S. dollars (“U.S.$”)

4. **Aggregate Nominal Amount:**
   U.S.$152,000,000

   (i) **Series:**
   U.S.$152,000,000

   (ii) **Tranche:**
   U.S.$152,000,000

5. **Issue Price:**
   100%

6. (i) **Specified Denomination:**
   U.S.$500,000

   (ii) **Calculation Amount:**
   U.S.$500,000

7. (i) **Issue Date:**
   November 4, 2016

FT-1
(ii) Interest Commencement Date: November 4, 2016
8. Maturity Date: November 4, 2021
9. Interest Basis: Fixed Rate
   Interest will be settled as described in Annex A.
10. Redemption/Payment Basis: Redemption at par by payment in cash only
11. Change of Interest or Redemption/ Payment Basis: Not Applicable
12. Put/Call Options: Corporation Call:
   If the Corporation, at its sole discretion, determines that the
   VCU(s) (as defined in Annex A) have become regulated as
   securities under the U.S. Securities Act of 1933, as amended
   (the “Securities Act”) or that the Notes have become regulated
   as a commodity interest under the U.S. Commodity Exchange
   Act, as amended, modified and interpreted (the “Commodity
   Exchange Act”), the Corporation, at its sole discretion, may
   exercise its Call Option over the Notes.
13. Status of the Notes: Senior
14. Method of distribution: Direct placement to investors

PROVISIONS RELATING TO INTEREST PAYABLE
15. Fixed Rate Note Provisions: Applicable
   (i) Rate of Interest: 1.546% per annum
   (ii) Interest Payment Date(s): November 4 in each year, not adjusted
   (iii) Fixed Coupon Amount: U.S.$7,730 per Calculation Amount, subject as provided in
       Annex A
   (iv) Broken Amount(s): Not Applicable
   (v) Day Count Fraction: 30/360
   (vi) Determination Dates: Not Applicable
   (vii) Other terms relating to the method of calculating interest
       for Fixed Rate Notes: See Annex A
16. Floating Rate Note Provisions: Not Applicable
17. Zero Coupon Note Provisions: Not Applicable
18. Index Linked Interest Note/other variable-linked interest Note Provisions: Not Applicable
19. Dual Currency Note Provisions: Not Applicable

PROVISIONS RELATING TO REDEMPTION
20. Call Option I: Applicable
   If the Corporation, at its sole discretion, determines that the
VCUs have become regulated as securities under the Securities Act or that the Notes have become regulated as a commodity interest under the Commodity Exchange Act, the Corporation, at its sole discretion, may exercise its Call Option over the Notes by giving notice of such exercise to the Noteholders.

(i) Optional Redemption Date(s):

The date specified in the optional redemption notice given by the Corporation

(ii) Optional Redemption Amount(s) of each Note and method, if any, of calculation of such amount(s):

Par plus accrued interest payable in cash only

(iii) If redeemable in part:

Not Applicable

(iv) Notice period:

Not less than 15 Business Days prior to the Optional Redemption Date.

Call Option II (Automatic):

Not Applicable

21. Put Option:

Not Applicable

22. Final Redemption Amount of each Note:

Par

23. Early Redemption Amount:

Early Redemption Amount(s) per Calculation Amount payable on event of default or other early redemption and/or the method of calculating the same (if required or if different from that set out in the Conditions):

Par plus accrued interest payable in cash only

GENERAL PROVISIONS APPLICABLE TO THE NOTES

24. Form of Notes:

Registered Notes:

Global Registered Certificate available on Issue Date

25. New Global Note:

No

26. Financial Centre(s) or other special provisions relating to payment dates:

If a Noteholder has elected to receive delivery of Eligible VCUs, if an Interest Payment Date is not a VCS Business Day, delivery of such Eligible VCUs shall occur on the immediately succeeding day that is a VCS Business Day. No compensation will be paid for any delay resulting therefrom.

27. Talons for future Coupons or Receipts to be attached to Definitive Notes (and dates on which such Talons mature):

Not Applicable

28. 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

Not Applicable
pay, including any right of the Corporation to forfeit the Notes and interest due on late payment:

29. Details relating to Instalment Notes: amount of each instalment, date on which each payment is to be made: Not Applicable

30. Redenomination, renominalization and reconventioning provisions: Not Applicable

31. Consolidation provisions: Not Applicable

32. Additional terms: Applicable
   (i) Governing law: English
   (ii) Interest Provisions: See Annex A
   (iii) Events of Default: In Condition 9, the first sentence shall be deemed to be amended by inserting the words “or, in respect of the delivery of Eligible VCU’s, deliver” after the word “pay” in the first line thereof.
   (iv) Taxation: In Condition 7, insert the following: “By its acceptance of delivery hereof, a U.S. Holder will be deemed to have agreed for U.S. federal income tax purposes to treat the Notes as indebtedness that is subject to the Treasury regulations governing contingent payment debt instruments. As used herein, the term “U.S. Holder” means a beneficial owner of Notes that is, for U.S. federal income tax purposes, (i) an individual citizen or resident of the United States, (ii) a corporation created or organised under the laws of the United States or any state thereof or the District of Columbia, (iii) an estate the income of which is subject to U.S. federal income tax without regard to its source or (iv) a trust if a court within the United States is able to exercise primary supervision over the administration of the trust and one or more U.S. persons have the authority to control all substantial decisions of the trust, or the trust has validly elected to be treated as a domestic trust for U.S. federal income tax purposes.”

DISTRIBUTION

33. (i) If syndicated, names and addresses of Managers and underwriting commitments: Not Applicable
   (ii) Date of Appointment Agreement: Not Applicable
   (iii) Stabilizing Manager(s) (if any): Not Applicable

34. If non-syndicated, name and address of Dealer: Not Applicable

The following are appointed as the Placement Agents pursuant to the Placement Agent Appointment Agreement dated October 28, 2016:

BNP Paribas, London Branch, J.P. Morgan Securities plc and
35. Total commission and concession: The Placement Agents will receive an arrangement fee of 0.23% of the Aggregate Nominal Amount.

36. Additional selling restrictions: See “Plan of Distribution” in the Series Prospectus

RESPONSIBILITY

The Corporation accepts responsibility for the information contained in these Final Terms. Information relating to Markit Group Limited has been obtained from them. The Corporation confirms that such information has been accurately reproduced.

Signed on behalf of the Corporation:

By: .........................................................

Duly authorized
PART B – OTHER INFORMATION

1. LISTING

(i) Listing: London Stock Exchange

(ii) Admission to trading: Application has been made for the Notes to be admitted to trading on the London Stock Exchange with effect from November 4, 2016.

2. RATINGS

Ratings: The Notes have been rated AAA by S & P

The Program has been rated:

S & P: AAA

Moody’s: Aaa

3. INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE

Save as discussed in “Plan of Distribution” in the Base Prospectus and the Series Prospectus, so far as the Corporation is aware, no person involved in the offer of the Notes has an interest material to the offer.

4. OPERATIONAL INFORMATION

Intended to be held in a manner which would allow Eurosystem eligibility: No

ISIN: XS1415664405

Common Code: 141566440

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

Delivery: Delivery against payment

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

5. GENERAL

Applicable TEFRA exemption: Not Applicable
Annex A

to the Final Terms Dated October 28, 2016

Other terms relating to the method of calculating interest for Fixed Rate Notes:

1. Interest Payment:

   The following provisions apply to the interest payments on the Notes.

   (i) Interest Rate, Eligible VCUs Settlement and Cash Settlement:

   The Notes will accrue interest at a fixed rate of 1.546% per annum. Subject as provided below, accrued interest will be settled on each annual Interest Payment Date, commencing with the Interest Payment Date falling on November 4, 2017 (i) by payment in cash; or (ii) at the option of a Noteholder in respect of one or more of its Notes, by delivery of a number of Eligible VCUs (as defined below) per Specified Denomination subject to the satisfaction of the Conditions to Delivery (as defined below); or (iii) in the circumstances provided for in “Cash Fallback” below, by payment in cash; or (iv) in the circumstances provided for in “Partial Cash Fallback” below, by payment in cash and delivery of Eligible VCUs.

   (ii) Conditions to Delivery of Eligible VCUs:

   Subject as provided in this Annex A, in order for the Corporation to deliver Eligible VCUs to a Noteholder in respect of an Interest Payment Date, the following conditions (the “Conditions to Delivery”) must be met:

   (i) not more than 60 Business Days nor less than 30 Business Days prior to such Interest Payment Date (the “Settlement Notice Deadline”) such Noteholder must deliver a valid and complete settlement notice as set out in Schedule 1 or provide electronically such other form as is acceptable to the Global Agent, and in accordance with the rules and procedures of Euroclear/Clearstream, Luxembourg (the “Clearing Systems” and each a “Clearing System”) electing to receive delivery of Eligible VCUs (the “Settlement Notice”) to the Corporation and the Global Agent. Such Settlement Notice must contain the details of the Noteholder’s VCUs account which it has opened in the Markit VCS Registry (as defined herein) (“Eligible VCUs Account”) in which to receive delivery of the Eligible VCUs to be delivered to it;

   (ii) on or prior to the Settlement Notice Deadline such Noteholder must provide instructions to the Clearing Systems in accordance with the Appendix to the Settlement Notice (“Instructions” and together with the delivery of a valid Settlement Notice, “Valid Settlement Instructions”);

   (iii) the Project must deliver on or before the Delivery Date, or cure such delivery failure within five Business Days after the Delivery Date (unless such fifth day is not a VCS Business Day, in which case the following day which is a VCS Business Day), the required number of Eligible VCUs needed by the Corporation for delivery to all Noteholders electing to receive delivery of Eligible VCUs in respect of such Interest Payment Date; and
due to an event beyond the control of the Corporation, it must not be impossible or illegal for the Corporation to deliver the required number of Eligible VCUs to such Noteholder.

The Clearing Systems and any other intermediaries may have respective deadlines for receipt of Instructions which may fall prior to the Settlement Notice Deadline and must be observed by the Noteholder in order to allow the Clearing System to pass on the Instructions to the Global Agent before the Settlement Notice Deadline.

Any non-delivery of Eligible VCUs resulting from failure to satisfy the Conditions to Delivery will not be an Event of Default. Delivery of the Valid Settlement Instructions is irrevocable (although corrections or clarifications of account details or nomenclature in a Settlement Notice are permitted) and is effective only for the Notes and the Interest Payment Date to which it relates.

(iii) Cash Fallback:

If the Corporation or Global Agent and relevant Clearing System receive Valid Settlement Instructions prior to the Settlement Notice Deadline from a Noteholder in respect of an Interest Payment Date but one or more of the other Conditions to Delivery are not met and Partial Cash Fallback does not apply, the Corporation shall as soon as practicable, and in any event not less than two Business Days prior to such Interest Payment Date, give notice of such fact to such Noteholder, and such Noteholder will receive payment in cash applied to each Specified Denomination held by such Noteholder calculated as if such Noteholder had not elected to receive delivery of Eligible VCUs for each Eligible VCU not so delivered. The accrued interest amount will not be rounded up to the nearest number divisible by five; such Noteholder will receive cash payment in the exact amount of accrued interest due in respect of such Interest Payment Date. Such non-delivery of Eligible VCUs will not be an Event of Default.

(iv) Partial Cash Fallback:

In respect of an Interest Payment Date, if the Conditions to Delivery are met other than Condition to Delivery (iii), the Corporation will deliver Eligible VCUs, to the extent they are received by the Corporation pursuant to the VERPA, to such Noteholder on such Interest Payment Date. In the event of a shortfall of Eligible VCUs in respect of an Interest Payment Date, to the extent that any Eligible VCUs are delivered by the Project to the Corporation, such Eligible VCUs shall be delivered pro rata per Specified Denomination among those Noteholders who elected to receive delivery of Eligible VCUs in respect of such Interest Payment Date.

Fractions of Eligible VCUs will not be delivered. To the extent the Eligible VCUs to be delivered to a Noteholder in respect of an Interest Payment Date in respect of its Notes do not equal the accrued interest due on such Notes, on such Interest Payment Date, such Noteholder will receive in respect of such Interest Payment Date a cash payment for the balance of the accrued interest, though if the balance of the accrued interest is less than U.S.$10.00, no such balance will be paid to such Noteholder.
(v) Failure by Noteholder to accept Eligible VCU's delivered by the Corporation:

In respect of each Interest Payment Date, if the Conditions to Delivery are met and the Corporation delivers Eligible VCU's to a Noteholder's Eligible VCU's Account, but such Noteholder fails to accept such Eligible VCU's in such Eligible VCU's Account within 15 calendar days following such Interest Payment Date, such Eligible VCU's that would otherwise have been received by such Noteholder shall be returned to the Corporation's Markit holding account as required by Markit's operational registry terms and conditions and such Noteholder will be deemed to have directed that such Eligible VCU's be retired by the Corporation on behalf of such Noteholder and such Noteholder will receive neither Eligible VCU's nor cash in lieu of Eligible VCU's in respect of such Interest Payment Date. The Corporation shall provide notice to the relevant Noteholder (at such contact details as are included by such Noteholder in its Settlement Notice) substantially in the form set out in Schedule 4 indicating that such Eligible VCU's have been retired on such Noteholder's behalf.

(vi) Notice of Settlement Notice:

Within two Business Days following the Settlement Notice Deadline, the Global Agent will provide to Markit the identity and notice details of the Noteholders who have provided Settlement Notices. Within two VCS Business Days following receipt by Markit of a notice from the Global Agent providing the identity of the Noteholders who have provided Settlement Notices, Markit will notify the Global Agent if there are any discrepancies (and, if there are any, what they are) between the Eligible VCU's Accounts in the Settlement Notices and Markit's records. The Global Agent will then notify the relevant Noteholders within two Business Days following such notice from Markit as to any such discrepancy. Nine Business Days prior to the Interest Payment Date (unless such ninth day is not a VCS Business Day, in which case the following day which is a VCS Business Day), Markit will determine if such discrepancy has been rectified and will inform the Global Agent and the Corporation. If, on such ninth Business Day prior to such Interest Payment Date, such discrepancy has not been rectified, such Settlement Notice will not be deemed to be Valid Settlement Instructions and the Noteholder will receive cash payment in respect of such Interest Payment Date.

By providing its Valid Settlement Instructions, each Noteholder acknowledges that the Corporation, the Global Agent and Markit will have access to its beneficial holder information.

Copies of the form of the Settlement Notice are obtainable from the Global Agent, the Registrar or any Transfer Agent (as applicable). The delivery of Valid Settlement Instructions is irrevocable (although corrections or clarifications of account details or nomenclature in a Settlement Notice are permitted) and is effective only for the Notes and the Interest Payment Date specified therein.

(vii) Delivery of Eligible VCU's:

Delivery of Eligible VCU's will be deemed to occur on the date on which the Corporation, having received the Eligible VCU's in its Markit holding account from the VERPA Counterparty, instructs Markit to initiate delivery of such Eligible VCU's to a Noteholder electing to receive delivery of Eligible VCU's, and not the date on which a Noteholder accepts such delivery. The Corporation will
have no liability for a failure by Markit to process the delivery of Eligible VCU
s from the Corporation’s holding account to a Noteholder, or a Noteholder’s failure to accept delivery of Eligible VCU
s and such non-delivery of Eligible VCU
s will not be an Event of Default.

(viii) Notice:

(i) Not less than 45 nor more than 60 Business Days prior to each Interest Payment Date and (ii) not less than 32 nor more than 35 Business Days prior to each Interest Payment Date, the Corporation will, or will arrange for the Global Agent to, send a notice substantially in the form set out in Schedule 2 notifying Noteholders that if Noteholders wish to receive their accrued interest by delivery of Eligible VCU
s, Noteholders must submit Valid Settlement Instructions in respect of such Interest Payment Date. For the avoidance of doubt, the Corporation’s (or the Global Agent’s) delivery of these notices is for the convenience of Noteholders only and the non-delivery by the Corporation of either notice (i) or (ii) shall not affect the Conditions to Delivery or the requirement that the Noteholder deliver Valid Settlement Instructions on or prior to the Settlement Notice Deadline.

(ix) Amount of Eligible VCU
s:

In respect of an Interest Payment Date, if the Conditions to Delivery are met, a Noteholder electing to receive delivery of Eligible VCU
s will receive a whole number of Eligible VCU
s determined by rounding the accrued interest amount for such Noteholder’s Notes (for this purpose only) up to the nearest number divisible by five, and then dividing by U.S.$5.00 (which is the fixed price per Eligible VCU).

If Eligible VCU
s from both calendar years in a Generation Period are delivered by the Project in respect of an Interest Payment Date and are identifiable by calendar year, the Corporation will first deliver Eligible VCU
s from the most recent calendar year within the Generation Period pro rata as between Noteholders who elect to receive delivery of Eligible VCU
s. To the extent there are an insufficient number of Eligible VCU
s from the most recent calendar year within the Generation Period for delivery to Noteholders who elect to receive delivery of Eligible VCU
s, the Corporation will deliver Eligible VCU
s from the older calendar year within the Generation Period pro rata as between Noteholders who elect to receive delivery of Eligible VCU
s. In respect of the first Interest Payment Date, to the extent there are an insufficient number of Eligible VCU
s from the first Generation Period for delivery to Noteholders who elect to receive Eligible VCU
s, the Corporation will deliver VCU
s issued in respect of GHG Reductions (as defined below) generated by the Project in the period from January 1, 2014 to December 31, 2014 pro rata as between Noteholders who elect to receive delivery of Eligible VCU
s.

If a Noteholder owns more than one Note of the Specified Denomination, such Noteholder may elect to receive delivery of Eligible VCU
s for one or more Notes of the Specified Denomination, but not less than a single Specified Denomination, in relation to an Interest Payment Date in respect of which it makes such election and accrued interest on the aggregate amount of such
Notes will be used when calculating the number of Eligible VCUs to be delivered to such Noteholder on such Interest Payment Date. A Noteholder wishing to elect to receive accrued interest through delivery of Eligible VCUs for some but not all of its Notes of the Specified Denomination should elect only for those Notes in respect of which it wishes to receive delivery of Eligible VCUs and should take no action for Notes in respect of which it wishes to receive cash.

2. VCU Delivery Instructions: In respect of each Interest Payment Date, the Corporation shall:

(i) reconcile the number of Eligible VCUs of which the Project has given notice on the Volume Notification Date (as defined below) that it will be able to deliver on the Delivery Date in respect of the relevant Generation Period, with the Annual Quantity (as defined below) for such Delivery Date of the Project;

(ii) keep records of the number of Eligible VCUs to be delivered to Noteholders electing to receive delivery of Eligible VCUs; and

(iii) at least 3 Business Days prior to each Interest Payment Date, notify the Noteholders, substantially in the form set out in Schedule 3, of the final number of Eligible VCUs expected to be delivered to Noteholders and the amount of cash expected to be paid to Noteholders.


4. Generation Period: The Generation Period for each Interest Payment Date is set forth in the schedule below:

<table>
<thead>
<tr>
<th>Generation Period</th>
<th>Interest Payment Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>January 1, 2015 – December 31, 2016</td>
<td>November 4, 2017</td>
</tr>
<tr>
<td>January 1, 2016 – December 31, 2017</td>
<td>November 4, 2018</td>
</tr>
<tr>
<td>January 1, 2017 – December 31, 2018</td>
<td>November 4, 2019</td>
</tr>
<tr>
<td>January 1, 2018 – December 31, 2019</td>
<td>November 4, 2020</td>
</tr>
<tr>
<td>January 1, 2019 – December 31, 2020</td>
<td>November 4, 2021</td>
</tr>
</tbody>
</table>

In respect of the first Interest Payment Date, VCUs (as defined below) in respect of greenhouse gas ("GHG") reductions ("GHG Reductions") achieved in accordance with VCS Rules (as defined below) generated by the Project in the period from January 1, 2014 to December 31, 2014 may also be delivered, but only to the extent that an insufficient number of Eligible VCUs were available to be delivered from the Generation Period of January 1, 2015 to December 31, 2016 on the relevant Delivery Date to the Corporation’s Markit holding account.
5. VCSA: Verified Carbon Standard Association, an association incorporated in the District of Columbia, USA, whose registered office is at 1090 Vermont Avenue, N.W., Suite 910, Washington, DC 20005, USA.

6. VCS Rules: The rules and requirements of the VCS Program (as defined below), as such rules and requirements may be updated or superseded from time to time.

7. Annual Quantity: 469,984 Eligible VCUs, being the pre-agreed number of Eligible VCUs the Project is required to deliver to the Corporation on each relevant Delivery Date pursuant to the VERPA (as defined below), which is an amount less than or equal to 480,000 Eligible VCUs.

8. Maximum Annual Option Quantity: 469,984 Eligible VCUs, being the amount of Eligible VCUs which in addition to the Annual Quantity, at the direction of the Product Co-Developer, the Corporation may purchase from the VERPA Counterparty on the Product Co-Developer’s behalf, which is an amount less than or equal to 480,000 Eligible VCUs.

9. VCU and Eligible Verified Carbon Units: A verified carbon unit that has been issued in accordance with the VCS Rules (“VCU”) represents a right to claim the achievement of a verified reduction or removal of one ton of carbon dioxide equivalent (CO$_2$e). Wildlife Works Inc. and Wildlife Works Carbon LLC (together, the “VERPA Counterparty”) will enter into a verified emissions reduction purchase agreement (the “VERPA”) with the Corporation for the duration of the Notes, pursuant to which the Corporation will buy VCUs.

Each VCU delivered shall be a VCU generated by the Project, arising from reductions or removals occurring during the corresponding Generation Period which have been verified and passed the completeness check undertaken by the VCSA in accordance with the VCS Rules and issued by Markit into the Markit VCS Registry ("Eligible VCUs").

On or before the date that is 20 Business Days prior to the Delivery Date ("Volume Notification Date") the VERPA Counterparty will notify the Corporation of the proportion of the Annual Quantity that it is able to deliver in respect of a Delivery Date. At the direction of the Product Co-Developer, the Corporation may elect to purchase additional Eligible VCUs from the requisite Generation Period pursuant to the option contained in the VERPA.

10. VCS Project Database: The central project database that records all projects, programs (listed and registered) and VCUs issued under the VCS Program, and that provides public access to material project, program and VCU information.

11. VCS Program: The GHG emission reduction and removal program operated by the VCSA which establishes rules and requirements that operationalize the VCSA to enable the validation of GHG emission reduction and removal projects and programs and the verification of GHG Reductions and removals.

12. Markit: Markit Group Limited and any subsidiary or affiliate that may provide registry services and operate the Markit VCS Registry for
or on behalf of Markit or any other registry that may be specified by the Corporation.

13. Markit VCS Registry: The registry operated by Markit, (or any other registry that may be specified by the Corporation) approved by the VCSA, for the issuance, transfer, suspension, cancellation and retirement of VCUs on behalf of its account holders.

14. Delivery Date: The date which is 10 Business Days before each Interest Payment Date (unless such tenth day is not a VCS Business Day, in which case the following day which is a VCS Business Day).

15. Business Day: A day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets settle payments in New York and London.

16. VCS Business Day: A Business Day that is also a day on which the Markit VCS Registry is fully operational and capable of registering and/or transferring VCUs between the VERPA Counterparty, the Corporation and Noteholders.
Schedule 1

Form of Settlement Notice

International Finance Corporation

Issue of U.S.$152,000,000 1.546% Forests Bond due 2021 (the “Notes”) Series No. 1650; ISIN XS1415664405 under its

Global Medium-Term Note Program

To: International Finance Corporation and Citibank, N.A., London Branch as Global Agent

By depositing this duly completed Notice with the Global Agent for the Notes and by providing Instructions through Euroclear/Clearstream, Luxembourg (the “Clearing Systems”) in accordance with the procedures set out herein and in the attached Appendix, or in such other form (which may be electronic) as is acceptable to the Global Agent, and in accordance with the rules and procedures of the Clearing Systems, the undersigned Noteholder (the “Noteholder”) of such of the Notes as referred to below gives irrevocable (although corrections or clarifications of account details or nomenclature are permitted) notice in accordance with Annex A to the Final Terms dated October 28, 2016 relating to the Notes (the “Final Terms”) that it elects to receive delivery of Eligible VCU}s as set out below.

The Noteholder hereby confirms that it instructs the Clearing Systems to block the Notes referred to below in its account in accordance with the Clearing System’s procedures.

Capitalized terms used in this Settlement Notice and not otherwise defined herein have the respective meanings ascribed thereto in the attached Appendix. Capitalized terms used in this Settlement Notice and the attached Appendix and not otherwise defined herein or therein have the respective meanings ascribed thereto in the Final Terms. The Noteholder hereby acknowledges that this Settlement Notice is irrevocable (although corrections or clarifications of account details or nomenclature are permitted) and effective only in respect of the Interest Payment Date specified below. Each Note may only be the subject of a single Settlement Notice per Interest Payment Date (though multiple Notes may be the subject of the same Settlement Notice).

This Settlement Notice relates to:

Aggregate Nominal Amount of Notes:1

In respect of the Interest Payment Date expected to fall on:

The Notes are credited to the following securities account number of the direct account holder with the Clearing Systems (“Account Holder”):

The Noteholder’s Eligible VCU}s Account details are:

Eligible VCU}s Account details:
(i) Registry: Markit VCS Registry
(ii) Account Name:

1 Insert the aggregate nominal amount of Notes the subject of the Settlement Notice and in respect of which delivery of Eligible VCU}s in respect of the applicable Interest Payment Date applies. Such amount must be an amount equal to the Specified Denomination or a multiple of the Specified Denomination.
(iii) Account Number: ____________________________________________

Unique Identification²: [Account Holder Name and Reference]

The Noteholder acknowledges that, in the event of Cash Fallback or Partial Cash Fallback, cash in lieu of such Eligible VCUs will be paid to its account held with the relevant Clearing System:

By signing below, the Noteholder irrevocably gives its settlement instructions in respect of the interest on the Notes the subject of this Settlement Notice.

Signature

Signature: __________________________
Duly Authorized Officer
Name: ____________________________
Title: _____________________________
Email: ____________________________
On: ________________________________

² Account Holder: Insert here the Account Holder name and any numeric reference used by the Account Holder.
Disclosure of information

In order to facilitate the settlement to each person who is the beneficial owner of the relevant Notes (the “Beneficial Owner”) on the Interest Payment Date:

(a) each Beneficial Owner who is an Account Holder by submission of its Instructions authorizes the relevant Clearing System to disclose to the Corporation, Markit, the Global Agent and their respective legal advisers, the name of such Account Holder and to disclose the amount of the Notes they hold on the applicable Record Date;

(b) each Beneficial Owner who is not an Account Holder is requested to arrange, directly or through its broker, dealer, commercial bank, trust company or other nominee, to contact the relevant Account Holder to authorize the relevant Clearing System to disclose to the Corporation, Markit, the Global Agent and their respective legal advisers the name of such Beneficial Owner and to disclose the amount of the Notes it holds on the applicable Record Date; and

(b) in order to receive either delivery of Eligible VCUs in respect of interest accrued on the Notes in respect of the applicable Interest Payment Date, each Beneficial Owner is required to provide the Global Agent and the Corporation with this Settlement Notice in respect of its Notes.

Acknowledgements, representations, warranties and undertakings

By submitting or, in the case of any Beneficial Owner who is not an Account Holder, arranging for the submission of, a valid Instruction to the relevant Clearing System in accordance with the standard procedures of the relevant Clearing System and delivery of this Settlement Notice to the Global Agent and the Corporation, the Account Holder and Beneficial Owners shall be deemed to make the acknowledgements, representations, warranties and undertakings set forth below to the Corporation, Markit and the Global Agent at the Settlement Notice Deadline and on the applicable Interest Payment Date. If the relevant Account Holder or Beneficial Owner is unable to give such representations, warranties and undertakings, such relevant Account Holder acting on its own account or on behalf of such Beneficial Owner should contact the Global Agent immediately.

Each of the Beneficial Owner and, as applicable, the Account Holder hereby acknowledges, represents, warrants and undertakes at the Settlement Notice Deadline and on the applicable Interest Payment Date as follows:

(a) The individual signing this Settlement Notice is an authorized officer of the Beneficial Owner or, as applicable, the Account Holder, authorized to make or undertake, as applicable, the acknowledgments, representations, warranties and undertakings set out herein in connection with the delivery of this Settlement Notice.

(b) Each Instruction is made on the terms and conditions set out in this Settlement Notice and the Appendix hereto.

(c) By delivering its Instructions and by blocking the relevant Notes in the relevant Clearing System, it will be deemed to consent to have such Clearing System provide details concerning its identity and the amount of Notes it holds to the Global Agent and the common depositary for the Clearing Systems (and for the Global Agent to provide such details to the Corporation and Markit), and their respective advisers.

(d) It has full power and authority to deliver this Settlement Notice with respect to the Notes.

(e) It will, upon request, execute and deliver any additional documents and/or do such other things deemed by the Corporation or the Global Agent to be necessary or desirable to evidence such power and authority.

(f) It (directly or indirectly) holds and will hold, until the applicable Interest Payment Date, the Notes blocked in the relevant Clearing System and, in accordance with the requirements of, and by the deadline required by, such Clearing System, it has submitted, or has caused to be submitted, Instructions to such Clearing System to authorize the blocking of the Notes with effect on and from the date of such submission so that, at any time pending the delivery of Eligible VCUs in respect of such Notes by the Corporation, or to its agent on its behalf, no transfers of such Notes may be effected.
Additional terms relating to this Settlement Notice

Each Beneficial Owner submitting an Instruction shall be deemed to have agreed to indemnify the Corporation and the Global Agent and any of their respective affiliates, directors or employees against all and any losses, costs, fees, claims, liabilities, expenses, charges, actions or demands which any of them may incur or which may be made against any of them as a result of any breach of any of the terms of, or any of the representations, warranties and/or undertakings given pursuant to, such Instructions by such Beneficial Owner.

Further Information

Please direct all questions and requests for information regarding the procedure for completing this Settlement Notice to International Finance Corporation (Email: IFCmidoffice@ifc.org) or to the Global Agent (Email: corporateaction.enquiry@citi.com).

The Corporation:
INTERNATIONAL FINANCE CORPORATION
2121 Pennsylvania Avenue, N.W.
Washington, DC 20433
U.S.A.

Global Agent:
CITIBANK, N.A., LONDON BRANCH
Citigroup Centre
Canada Square, Canary Wharf
London E14 5LB
England

Notes:

1 The signature of any person relating to the Notes shall conform to a list of duly authorized specimen signatures supplied by the Noteholder or be certified by a notary public or a recognized bank or be supported by such other evidence as the Global Agent, Registrar or Transfer Agent may reasonably require. A representative of the holder should state the capacity in which he signs.

2 This Settlement Notice is not valid unless all of the paragraphs requiring completion are duly completed.

3 The Global Agent with whom the above Notes (if any) are deposited shall not in any circumstances be liable to the depositing Noteholder or any other person for any loss or damage arising from any act, default or omission of the Global Agent in relation to the Notes or any of them unless such loss or damage was caused by the fraud or negligence of the Global Agent or its directors, officers or employees.
Appendix
Clearing System Procedures

The Notes are represented by a Global Certificate in registered form, held by the Common Depositary and registered in the name of a nominee (the “Nominee”) for the Common Depositary, for the Clearing Systems on behalf of the Beneficial Owners.

Legally this means that for the purposes of the Final Terms, only the Nominee (also referred to herein as the “Registered Holder”) is considered to be a “Noteholder” and that only the Registered Holder can provide the Settlement Notice.

Each person (a “Beneficial Owner”) who is a Beneficial Owner of a particular principal amount of the relevant Notes who wishes to receive delivery of Eligible VCUs must elect to receive such Eligible VCUs by providing instructions (“Instructions”) via the Clearing Systems who will arrange for notice of such election to be communicated to the Global Agent who, in turn, will notify the Corporation who will arrange, in accordance with the terms of the Notes, for the delivery of Eligible VCUs on the Interest Payment Date with respect to the relevant Notes of which the Beneficial Owner is the ultimate beneficial owner.

Instructions must be submitted in accordance with the rules and requirements of the Clearing Systems.

The Beneficial Owner must deliver its Instructions to the Clearing System either directly, if the Beneficial Owner is a direct account holder with the Clearing Systems (an “Account Holder”), or indirectly, if the Beneficial Owner holds the Notes through a broker, dealer, commercial bank, custodian, trust company or an Account Holder.

A Beneficial Owner of Notes held through a broker, dealer, commercial bank, custodian, trust company or an Account Holder (“Intermediaries”) must provide appropriate instructions to such Intermediary in order to cause its Instructions to be delivered to the Global Agent via the Clearing Systems with respect to such Notes. Only Account Holders may submit Instructions by contacting the Clearing Systems directly. If a Beneficial Owner is not an Account Holder, it must arrange for its Intermediary through which it holds Notes to submit or cause to submit its Instructions to the Clearing System on its behalf. Beneficial Owners of Notes are urged to contact any such Intermediary promptly to ensure timely delivery of such Instructions.

As set forth under the Settlement Notice provisions (see item 1(ii) of Annex A to the Final Terms), the Settlement Notice, or such other form (which may be electronic) as is acceptable to the Global Agent, must be submitted by the Noteholder to the Corporation and the Global Agent not less than 30 Business Days prior to the Interest Payment Date (the “Settlement Notice Deadline”). For the Beneficial Owners this implies that the Instructions by such Beneficial Owners must be received by the relevant Account Holder and relevant Clearing System in time for them to ensure that such Instructions and confirmation of blockage of the account in respect of the relevant Notes may be further communicated to the Global Agent no later than 30 Business Days prior to such Interest Payment Date. The relevant Clearing System and any other Intermediaries will have respective deadlines for receipt of Instructions, which will fall prior to the Settlement Notice Deadline and must be observed by the Beneficial Owner in order to allow the Intermediaries and Clearing Systems to pass on the Instructions to the Global Agent before the Settlement Notice Deadline. The Notes the subject of a Settlement Notice (whether valid or not) will remain blocked until such Interest Payment Date.

If Instructions are not received from or on behalf of a Beneficial Owner by the Global Agent through the relevant Clearing System in sufficient time for the Settlement Notice to be submitted before the Settlement Notice Deadline, such Beneficial Owner will receive cash in respect of such Interest Payment Date.
Schedule 2
Notice from the Corporation to Noteholders

International Finance Corporation

Issue of U.S.$152,000,000 1.546% Forests Bond due 2021 (the “Notes”)
Series No. 1650; ISIN XS1415664405
under its
Global Medium-Term Note Program

To: Noteholders
Cc: Citibank N.A., London Branch

We refer to the terms of the Notes contained in the Final Terms (the “Final Terms”) dated October 28, 2016. The Corporation hereby gives notice that in order for you, as a Noteholder, to elect to receive delivery of Eligible VCUs in respect of the Interest Payment Date on [●] you must (i) deliver a valid and complete settlement notice as set out in Schedule 1 to the Final Terms (the “Settlement Notice”) (and available from the Global Agent, the Registrar or any Transfer Agent) not later than [●] (the “Settlement Notice Deadline”) and (ii) have an Eligible VCUs Account. You also must provide Instructions to the Clearing Systems in accordance with the Appendix attached to the Final Terms. By providing the Settlement Notice and Instructions, you acknowledge that the Corporation, the Global Agent and Markit will have access to your beneficial holder information.

Capitalized terms used in this Notice and not otherwise defined herein have the respective meanings ascribed thereto in the Settlement Notice. Capitalized terms used in this Notice and the Settlement Notice and not otherwise defined herein or therein have the respective meanings ascribed thereto in the Final Terms.

The Corporation:

INTERNATIONAL FINANCE CORPORATION
2121 Pennsylvania Avenue, N.W.
Washington, DC 20433
U.S.A.

Global Agent:

CITIBANK, N.A., LONDON BRANCH
Citigroup Centre
Canada Square, Canary Wharf
London E14 5LB
England
Schedule 3
Interest Payment Date Allocation
International Finance Corporation

Issue of U.S.$152,000,000 1.546% Forests Bond due 2021 (the “Notes”)
Series No. 1650; ISIN XS1415664405
under its
Global Medium-Term Note Program

To: Noteholders
Cc: Citibank N.A., London Branch

In respect of the Interest Payment Date on [●], based on the elections contained in the Valid Settlement Instructions received from the Noteholders, the following are the aggregated outcomes:

- [●] Eligible VCU expected to be delivered ([●]% of the Annual Quantity)
- U.S.$[●] in cash expected to be paid

Capitalized terms used in this Notice and not otherwise defined herein have the respective meanings ascribed thereto in the Final Terms dated October 28, 2016 applicable to the Notes.

INTERNATIONAL FINANCE CORPORATION
2121 Pennsylvania Avenue, N.W.
Washington, DC 20433
U.S.A.
To: [insert Noteholder]

In respect of the Interest Payment Date on [●], we have retired [●] Eligible VCUs on your behalf on [date]. Please see the attached notification from Markit confirming such retirement.

[Attach notice from Markit]

INTERNATIONAL FINANCE CORPORATION
2121 Pennsylvania Avenue, N.W.
Washington, DC 20433
U.S.A.
GLOBAL AGENT, PRINCIPAL PAYING AGENT
AND CALCULATION AGENT
Citibank, N.A., London Branch
Citigroup Centre
Canada Square, Canary Wharf
London E14 5LB
England

REGISTRAR, PAYING AGENT
AND TRANSFER AGENT
Citibank, N.A., London Branch
Citigroup Centre
Canada Square, Canary Wharf
London E14 5LB
England

PRODUCT CO-DEVELOPER
BHP Billiton Group Operations Pty Ltd.
BHP Billiton Centre
171 Collins Street
Melbourne Victoria 3000
Australia

AUDITORS TO THE CORPORATION
KPMG LLP
1801 K Street N.W.
Washington, DC 20006
U.S.A.

LEGAL ADVISERS TO THE CORPORATION
In respect of English law
Linklaters LLP
1345 Avenue of the Americas
New York, NY 10105
U.S.A.

LEGAL ADVISERS TO THE CORPORATION
In respect of Kenyan law
Anjarwalla & Khanna ALN
The Oval, 3rd Floor, Junction of Ring Rd. Parklands & Jalaram Rd.,
Westlands, Nairobi P.O. Box 200-00606, Sarit Centre,
Nairobi,
Kenya

LEGAL ADVISERS TO THE PLACEMENT AGENTS
In respect of English law
Allen & Overy LLP
One Bishops Square
London E1 6AD
United Kingdom

LEGAL ADVISERS TO THE PRODUCT
CO-DEVELOPER
In respect of English Law, U.S. Law
and Australian Law
Baker & McKenzie
Level 27, AMP Centre, 50 Bridge Street
Sydney NSW 2000
Australia

ADVISERS TO THE PRODUCT
CO-DEVELOPER
In respect of Conservation and REDD Matters
Conservation International
2011 Crystal Drive, Suite 500
Arlington, VA 22202
U.S.A.