

SCHEDULE 1 AMENDED TERMS AND CONDITIONS OF THE 8% AT1 NOTES

The £450,000,000 8 per cent. Fixed Rate Reset Perpetual Subordinated Contingent Convertible Notes (the "**Notes**", which expression shall in these Conditions, unless the context otherwise requires, include any further Notes issued pursuant to Condition 18 which are consolidated and form a single series with the Notes) of CYBG PLC (the "**Issuer**") are constituted by a trust deed dated 8 February 2016 (as amended and/or restated and/or supplemented from time to time, the "**Trust Deed**") made between the Issuer and Citicorp Trustee Company Limited (the "**Trustee**", which expression shall include all persons from time to time being trustee or trustees appointed under the Trust Deed) as trustee for the Noteholders.

The statements in these Conditions include summaries of, and are subject to, the detailed provisions of and definitions in the Trust Deed. Copies of the Trust Deed and the agency agreement dated 8 February 2016 (as amended and/or restated and/or supplemented from time to time, the "**Agency Agreement**") made between the Issuer, the Registrar and the other Agents and the Trustee are available for inspection during normal business hours by prior arrangement by the Noteholders at the registered office for the time being of the Trustee, being at the date of issue of the Notes at Citigroup Centre, Canada Square, Canary Wharf, London E14 5LB. The Noteholders are entitled to the benefit of, are bound by, and are deemed to have notice of, all of the provisions of the Trust Deed and are deemed to have notice of those provisions of the Agency Agreement applicable to them.

1. **Form, Denomination and Title**

The Notes are issued in registered form in denominations of £200,000 and integral multiples of £1,000 in excess thereof (each, an "**Authorised Denomination**").

The Notes are represented by registered certificates ("**Certificates**") and, save as provided in Condition 2(a), each Certificate shall represent the entire holding of Notes by the same Holder.

Title to the Notes shall pass by registration in the register of the Noteholders that the Issuer shall procure to be kept by the Registrar in accordance with the provisions of the Agency Agreement (the "**Register**"). Except as ordered by a court of competent jurisdiction or as required by law, the Holder of any Note shall be deemed to be and may be treated as its absolute owner for all purposes whether or not it is overdue and regardless of any notice of ownership, trust or any interest in it, any writing on it (or on the Certificate representing it) or its theft or loss (or that of the related Certificate) and no person shall be liable for so treating the Holder. In these Conditions, "**Noteholder**" and (in relation to a Note) "**Holder**" means the person in whose name a Note is registered in the register of Noteholders (or, in the case of a joint holding, the first named thereof).

2. **Transfer of Notes**

(a) *Transfer of Notes*

One or more Notes may, subject to Condition 2(d), be transferred upon the surrender (at the specified office of the Registrar or any Transfer Agent) of the Certificate representing such Notes to be transferred, together with the form of

transfer endorsed on such Certificate (or another form of transfer substantially in the same form and containing the same representations and certifications (if any), unless otherwise agreed by the Issuer), duly completed and executed and any other evidence as the Registrar or Transfer Agent may reasonably require; provided, however, that a Note may not be transferred unless the principal amount of Notes transferred and (where not all of the Notes held by a holder are being transferred) the principal amount of the balance of Notes not transferred are Authorised Denominations. A new Certificate shall be issued to the transferee in respect of the Notes the subject of the relevant transfer and, in the case of a transfer of part only of a holding of Notes represented by one Certificate, a new Certificate in respect of the balance of the Notes not transferred shall be issued to the transferor. In the case of a transfer of Notes to a person who is already a Holder of Notes, a new Certificate representing the enlarged holding may be issued but only against surrender of the Certificate representing the existing holding of such person. All transfers of Notes and entries on the Register will be made subject to the detailed regulations concerning transfers of Notes scheduled to the Agency Agreement. The regulations may be changed by the Issuer, with the prior written approval of the Registrar and the Trustee. A copy of the current regulations will be made available by the Registrar to any Noteholder upon request.

(b) *Delivery of New Certificates*

Each new Certificate to be issued pursuant to Condition 2(a) shall be available for delivery within five business days of receipt of the form of transfer and surrender of the relevant Certificate. Delivery of new Certificate(s) shall be made at the specified office of the Transfer Agent or of the Registrar (as the case may be) to whom delivery and surrender of such form of transfer and Certificate or, as the case may be, surrender of such Certificate, shall have been made or, at the option of the relevant Holder and as specified in the relevant form of transfer or otherwise in writing, be mailed by uninsured post at the risk of the Holder entitled to the new Certificate to such address as may be so specified, unless such Holder requests otherwise and pays in advance to the relevant Transfer Agent the costs of such other method of delivery and/or such insurance as it may specify. In this Condition 2(b) "**business day**" means a day, other than a Saturday or Sunday, on which banks are open for business in the place of the specified office of the relevant Transfer Agent or the Register (as the case may be).

(c) *Transfers Free of Charge*

Transfers of Notes and the issue of new Certificates on transfer shall be effected without charge by or on behalf of the Issuer, the Registrar or the Transfer Agents, but upon 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).

(d) *Closed Periods*

No Noteholder may require the transfer of a Note to be registered (i) during the period of 15 days ending on the date fixed for redemption of the Notes pursuant

to Condition 8, (ii) at any time after the second Business Day following the giving of an Automatic Conversion Notice by the Issuer or (iii) during the period of seven days ending on (and including) any Record Date.

3. **Status**

The Notes constitute direct, unsecured and subordinated obligations of the Issuer and rank *pari passu*, without any preference among themselves. The rights and claims of the Holders in respect of or arising from the Notes (including any damages (if payable)) are subordinated to the claims of Senior Creditors.

4. **Subordination**

(a) *Solvency Condition*

Except in a Winding-Up of the Issuer and subject to the right or obligation of the Issuer to cancel payments under Condition 6(a) and the provisions of Condition 9, all payments in respect of or arising from (including any damages awarded for breach of any obligation under) the Notes are conditional upon the Issuer being solvent at the time of payment by the Issuer and no payments shall be due and payable in respect of or arising from the Notes except to the extent that the Issuer could make such payment and still be solvent immediately thereafter (the "**Solvency Condition**").

In these Conditions, the Issuer shall be considered to be solvent at a particular time if (x) the Issuer is able to pay its debts to its Senior Creditors as they fall due and (y) the Issuer's Assets exceed its Liabilities.

A certificate as to the solvency of the Issuer signed by two Authorised Signatories shall, in the absence of manifest error, be treated and accepted by the Issuer, the Trustee and the Noteholders as correct, conclusive and sufficient evidence thereof.

Any payment of interest not due by reason of this Condition 4(a) shall be cancelled as provided in Condition 6(a).

(b) *No set-off*

Subject to applicable law, no Noteholder may exercise or claim or plead any right of set-off, compensation or retention in respect of any amount owed to it by the Issuer in respect of, or arising under or in connection with, the Notes and each Noteholder will, by virtue of their holding of any Note, be deemed to have waived all such rights of set-off, compensation or retention. Notwithstanding the preceding sentence, if any of the amounts due and payable to any Noteholder by the Issuer in respect of, or arising under or in connection with the Notes is discharged by set-off, such Noteholder shall, subject to applicable law, immediately pay an amount equal to the amount of such discharge to the Issuer (or, in the event of its Winding-Up, the liquidator or, as appropriate, administrator of the Issuer) and, until such time as payment is made, shall hold an amount equal to such amount in trust for the Issuer (or the liquidator or, as

appropriate, administrator of the Issuer) and accordingly any such discharge shall be deemed not to have taken place.

(c) *Effect on the Trustee*

As stated in further detail in Condition 17(e), the provisions of this Condition 4 apply only to the principal and interest and any other amounts payable in respect of the Notes and nothing in this Condition 4 or in Condition 5, 7 or 13 shall affect or prejudice the payment of the costs, charges, expenses, liabilities or remuneration of the Trustee or the rights and remedies of the Trustee in respect thereof.

5. **Winding-Up**

(a) *Winding-Up prior to a Trigger Event*

If:

- (i) an order is made, or an effective resolution is passed, for the winding-up of the Issuer (except, in any such case, a solvent winding-up solely for the purposes of a reorganisation, reconstruction or amalgamation the terms of which have previously been approved in writing by the Trustee or by an Extraordinary Resolution of Holders and do not provide that the Notes thereby become redeemable or repayable in accordance with these Conditions);
- (ii) following the appointment of an administrator of the Issuer, an administrator gives notice that it intends to declare and distribute a dividend; or
- (iii) liquidation or dissolution of the Issuer or any procedure similar to that described in paragraph (i) or (ii) of this definition is commenced in respect of the Issuer, including any bank insolvency procedure or bank administration procedure pursuant to the Banking Act 2009,

(each, a "**Winding-Up**") prior to the occurrence of a Trigger Event, there shall be payable by the Issuer in respect of each Note (in lieu of any other payment by the Issuer, but subject as provided in this Condition 5(a)), such amount, if any, as would have been payable to the Noteholder if, on the day prior to the commencement of the Winding-Up and thereafter, such Noteholder were the holder of one of a class of preference shares in the capital of the Issuer ("**Notional Preference Shares**") ranking *pari passu* as to a return of assets on a winding-up with Parity Obligations and that class or classes of preference shares (if any) from time to time issued or which may be issued by the Issuer which have a preferential right to a return of assets in the Winding-Up over, and so rank ahead of, all other classes of issued shares for the time being in the capital of the Issuer, but ranking junior to the claims of Senior Creditors, on the assumption that the amount that such Noteholder was entitled to receive in respect of each Notional Preference Share on a return of assets in such Winding-Up was an amount equal to the principal amount of the relevant Note and any

accrued but unpaid interest thereon (to the extent not cancelled in accordance with these Conditions) and any damages awarded for breach of any obligations.

(b) *Winding-Up on or after the occurrence of a Trigger Event*

If a Winding-Up occurs concurrently with or after the occurrence of a Trigger Event, and where an Automatic Conversion has not yet been effected, there shall be payable by the Issuer in respect of each Note (in lieu of any other payment or any issue or delivery of Conversion Shares by the Issuer), such amount, if any, as would have been payable to the Noteholder if, on the day prior to the commencement of the Winding-Up and thereafter, such Noteholder were the holder of such number of Conversion Shares as that Noteholder would have been entitled to receive upon an Automatic Conversion in accordance with Condition 9.

6. **Interest**

(a) *Cancellation of interest*

Mandatory cancellation of interest- insufficient Distributable Items

The Issuer will cancel any Interest Amount (or part thereof) otherwise scheduled to be paid on an Interest Payment Date to the extent that such Interest Amount (or part thereof), when aggregated together with any interest payments or distributions which have been paid or made or which are required to be paid or made during the then current financial year on all other own funds items of the Issuer (excluding any such interest payments or distributions which are not required to be paid or made out of Distributable Items or which have already been provided for, by way of deduction, in calculating the amount of Distributable Items), exceeds the amount of the Distributable Items of the Issuer as at such Interest Payment Date.

Mandatory cancellation of interest – Solvency Condition

The Issuer will cancel any Interest Amount (or part thereof) otherwise scheduled to be paid on an Interest Payment Date to the extent that the Solvency Condition is not satisfied in respect of such Interest Amount (or part thereof).

The Issuer shall be responsible for determining compliance with the restrictions above and neither the Trustee nor any Agent shall be required to monitor such compliance or to perform any calculations in connection therewith.

Discretionary cancellation of interest

In addition to and subject to the mandatory non-payment of interest pursuant to Condition 4(a), the foregoing provisions of this Condition 6(a) and Condition 9, the Issuer may at all times elect at its full discretion to cancel (in whole or in part) the Interest Amount otherwise scheduled to be paid on any Interest Payment Date.

Non-payment of interest sufficient evidence of cancellation

If the Issuer does not pay an Interest Amount or part thereof on the relevant Interest Payment Date, such non-payment shall evidence either the non-payment and cancellation of such Interest Amount (or relevant part thereof) by reason of it not being due in accordance with Condition 4(a), the cancellation of such Interest Amount (or relevant part thereof) in accordance with this Condition 6(a) or with Condition 9 or, as appropriate, the Issuer's exercise of its discretion to cancel such Interest Amount (or relevant part thereof) in accordance with this Condition 6(a), and accordingly such interest shall not in any such case be due and payable.

If the Issuer provides notice to cancel a part, but not all, of an Interest Amount and the Issuer subsequently does not make a payment of the remaining part of such Interest Amount on the relevant Interest Payment Date, such non-payment shall evidence the Issuer's exercise of its discretion to cancel such remaining part of the Interest Amount, and accordingly such remaining portion of the Interest Amount shall also not be due and payable.

Notice of cancellation of interest

The Issuer shall provide notice of any cancellation of an Interest Amount (or part thereof) to the Noteholders (in accordance with Condition 15), the Trustee and the Agents as soon as possible. If practicable, the Issuer shall endeavour to provide such notice at least five Business Days prior to the relevant Interest Payment Date. Any failure to provide such notice shall not affect the cancellation of any Interest Amount (or any part thereof) by the Issuer and shall not constitute a default for any purpose.

Interest non-cumulative

The cancellation of any Interest Amount (or any part thereof) in accordance with Condition 4(a), this Condition 6(a) or Condition 9 shall not constitute a default for any purpose (including, without limitation, Condition 13) on the part of the Issuer. For the avoidance of doubt, interest payments are non-cumulative and the Noteholders shall have no right to any cancelled Interest Amount, whether under the Notes or the Trust Deed, on a Winding-Up or otherwise. The Issuer may use such cancelled payments without restriction to meet its obligations as they fall due.

(b) *Interest Rate and Interest Payment Dates*

The Notes bear interest on their outstanding principal amount:

- (i) from and including the Issue Date to but excluding 8 December 2022 (the "**First Reset Date**"), at the rate of 8 per cent. per annum (the "**Initial Interest Rate**"); and
- (ii) thereafter, at the relevant Reset Interest Rate,

which interest is, in each case, payable, subject to Conditions 4(a), 6(a), 7 and 9, semi-annually in arrear on 8 June and 8 December of each year (each an

"**Interest Payment Date**"), except that the first date on which interest may be paid will be on 8 June 2016 (also, an "**Interest Payment Date**") in respect of the period beginning on (and including) the Issue Date and ending on (but excluding) 8 June 2016. The period beginning on (and including) the Issue 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 is called an "**Interest Period**".

(c) *Calculation of interest*

Interest in respect of any Note shall be calculated per Calculation Amount. The amount of interest payable (subject to Conditions 4(a), 6(a) and 9) in respect of a Note for a Calculation Period shall be calculated by (i) determining the product of the Calculation Amount, the relevant Interest Rate and the Day-Count Fraction for the relevant period, (ii) rounding the resultant figure to the nearest penny (half a penny being rounded upwards) and (iii) multiplying that rounded figure by a fraction the numerator of which is the principal amount of such Note and the denominator of which is the Calculation Amount.

Subject to Conditions 4(a), 6(a) and 9, the Interest Amount payable in respect of the first Interest Period will (if paid in full) amount to £26.30 per Calculation Amount and the Interest Amount payable in respect of any other Interest Period commencing prior to the First Reset Date will (if paid in full) amount to £40.00 per Calculation Amount.

(d) *Reset Interest Rate*

(i) The "**Reset Interest Rate**" in respect of any Reset Period will be the sum of (i) the applicable 5-year Mid-Swap Rate in relation to that Reset Period, (ii) the Margin and (iii) if an Index Cessation Event in respect of six-month sterling LIBOR has occurred on or before the relevant Reset Determination Date, the Adjustment Rate, determined by the Agent Bank in accordance with the instructions of the Issuer, rounded, if necessary, to the nearest 0.001 per cent. (with 0.0005 per cent. being rounded down).

The Issuer shall notify the Agent Bank of the occurrence of an Index Cessation Event and the date of the same as soon as practicable thereafter.

(ii) In these Conditions (except where otherwise defined), the expression:

"**5-year Mid-Swap Rate**" means (A) if an Index Cessation Event in respect of six-month sterling LIBOR has not occurred on or before the relevant Reset Determination Date, the 5-year Mid-Swap Rate (LIBOR) or (B) if an Index Cessation Event in respect of six-month sterling LIBOR has occurred on or before the relevant Reset Determination Date,

the 5-year Mid-Swap Rate (SONIA), in each case subject to Condition 6(h) (*Benchmark Replacement*);

"**Calculation Period**" means the relevant period for which interest is to be calculated from (and including) the first day in such period to (but excluding) the last day in such period;

"**Day Count Fraction**" means:

- (A) where the applicable 5-year Mid-Swap Rate is the 5-year Mid-Swap Rate (LIBOR) in respect of any Calculation Period, the number of days in the Calculation Period, divided by the product of (1) the number of days in the Regular Period in which the Calculation Period falls and (2) two;
- (B) where the applicable 5-year Mid-Swap Rate is the 5-year Mid-Swap Rate (SONIA) in respect of any Calculation Period, the actual number of days in the Calculation Period divided by 365;

"**Margin**" means 6.25 per cent. per annum;

"**Regular Date**" means 8 June or 8 December in any year;

"**Regular Period**" means each period from (and including) any Regular Date to (but excluding) the next Regular Date;

"**Reset Determination Date**" means, in relation to a Reset Period, the day falling two Business Days prior to the Reset Date on which such Reset Period commences;

"**Reset Reference Bank Rate**" means, in relation to a Reset Period and the Reset Determination Date in relation to such Reset Period, the percentage rate determined on the basis of the 5-year Mid-Swap Rate Quotations provided by the Reset Reference Banks to the Agent Bank at approximately 11.00 a.m. (London time) on such Reset Determination Date. The Agent Bank will request the principal London office of each of the Reset Reference Banks to provide a quotation of its rate. If at least three quotations are provided, the Reset Reference Bank Rate will be the arithmetic mean of the quotations provided, eliminating the highest quotation (or, in the event of equality, one of the highest) and the lowest quotation (or, in the event of equality, one of the lowest). If only two quotations are provided, the Reset Reference Bank Rate will be the arithmetic mean of the quotations provided. If only one quotation is provided, the Reset Reference Bank Rate will be the quotation provided. If no quotations are provided, the Reset Reference Bank Rate for the relevant Reset Period will be (i) in the case of each Reset Period other than the Reset Period commencing on the First Reset Date, the 5-year Mid-Swap Rate in respect of the immediately preceding Reset Period or (ii) in the case of the Reset Period commencing on the First Reset Date, an amount equal to the Initial Interest Rate less the Margin;

"Reset Reference Banks" means five leading swap dealers in the London interbank market selected by the Issuer (excluding the Agent Bank or any of its affiliates) in its discretion; and

"Screen Page" means Reuters page "ISDAFIX4" or such other page as may replace it on Reuters or, as the case may be, on such other information service that may replace Reuters, as may be nominated by the person providing or sponsoring the information appearing there for the purpose of displaying rates comparable to the 5-year Mid-Swap Rate.

(e) *Publication of Reset Interest Rate*

The Issuer shall cause the Agent Bank to give notice of the relevant Reset Interest Rate to the Issuer, the Agents, the Trustee and to any stock exchange on which the Notes are at the relevant time listed or admitted to trading or other relevant authority (by no later than the relevant Reset Determination Date) and to be notified to Noteholders in accordance with Condition 15 as soon as possible after their determination, but in no event later than the fourth Business Day thereafter. The Reset Interest Rate so notified may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) in the event of manifest error.

(f) *Notifications, etc. to be final*

All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of this Condition 6, whether from or by the Reset Reference Banks (or any of them) or the Agent Bank or the Issuer or any agent appointed by the Issuer, will (in the absence of manifest error) be binding on the Issuer, the Trustee, the Agent Bank and all Noteholders and (in the absence of wilful default and bad faith) no liability to the Issuer or the Noteholders shall attach to the Reset Reference Banks (or any of them) in connection with any such quotations or the Agent Bank in connection with the exercise or non-exercise by it of its powers, duties and discretions under this Condition.

(g) *Interest accrual*

Without prejudice to Conditions 4(a), 6 and 9, each Note will cease to bear interest from and including its date fixed for redemption unless, upon due presentation, payment of the principal in respect of the Note is improperly withheld or refused or unless default is otherwise made in respect of payment. In such event, interest will continue to accrue in accordance with, and subject to, the Conditions (both before and after judgment) until whichever is the earlier of (a) the day on which such principal is received by or on behalf of the relevant Noteholder and (b) the day which is seven days after any of the Agents or the Trustee has notified the Noteholders that it has received such principal.

(h) *Benchmark Replacement*

In addition to and notwithstanding the provisions above in this Condition 6 (*Interest*), if the Issuer determines that a Benchmark Event has occurred or there is a Successor Rate, in either case when the Reset Interest Rate (or the relevant component part thereof) remains to be determined by reference to LIBOR (if an Index Cessation Event has not occurred prior to such determination) or SONIA, as applicable (the "**Reference Rate**"), then the Issuer may elect (acting in good faith and in a commercially reasonable manner) to apply the following provisions:

- (i) the Issuer shall use reasonable endeavours to appoint, as soon as reasonably practicable, an Independent Adviser to determine (acting in good faith and in a commercially reasonable manner), no later than 5 Business Days prior to the relevant Reset Determination Date relating to the next succeeding Reset Period (the "**IA Determination Cut-off Date**"), a Successor Rate (as defined below) or, alternatively, if the Independent Adviser determines that there is no Successor Rate, an Alternative Reference Rate (as defined below) for purposes of determining the Reset Interest Rate (or the relevant component part thereof) applicable to the Securities;
- (ii) if the Issuer is unable to appoint an Independent Adviser, or the Independent Adviser appointed by it fails to determine a Successor Rate or an Alternative Reference Rate prior to the IA Determination Cut-off Date, the Issuer (acting in good faith and in a commercially reasonable manner) may determine a Successor Rate or, if the Issuer determines that there is no Successor Rate, an Alternative Reference Rate;
- (iii) if a Successor Rate or, failing which, an Alternative Reference Rate (as applicable) is determined in accordance with the preceding provisions, such Successor Rate or, failing which, an Alternative Reference Rate (as applicable) shall be used in place of the Reference Rate as a component part for determining the relevant 5-year Mid-Swap Rate in respect of each of the future Reset Dates (subject to the subsequent operation of, and to adjustment as provided in, this Condition 6(h) (*Interest – Benchmark Replacement*)); **provided, however, that** if sub-paragraph (ii) applies and the Issuer is unable to or does not determine a Successor Rate or an Alternative Reference Rate prior to the relevant Reset Determination Date, the Reset Interest Rate applicable to the next succeeding Reset Dates shall be equal to the Reset Interest Rate last determined in relation to the Securities in respect of the preceding Reset Date (or alternatively, if there has not been a first Reset Date, the rate of interest shall be the Initial Interest Rate); for the avoidance of doubt, the proviso in this sub-paragraph (iii) shall apply to the relevant Reset Date only and any subsequent Reset Dates are subject to the subsequent operation of, and to adjustment as provided in, this Condition 6(h) (*Interest – Benchmark Replacement*);
- (iv) if the Independent Adviser (in consultation with the Issuer) or (if the Issuer is unable to appoint an Independent Adviser, or the Independent

Adviser appointed by it fails to determine whether an Adjustment Spread should be applied) the Issuer (acting in good faith and in a commercially reasonable manner) determines that an Adjustment Spread should be applied to the relevant Successor Rate or the relevant Alternative Reference Rate (as applicable) and determines the quantum of, or a formula or methodology for determining, such Adjustment Spread, then such Adjustment Spread shall be applied to such Successor Rate or Alternative Reference Rate (as applicable) ***provided, however, that*** if the Independent Adviser or the Issuer (as applicable) is unable to determine, prior to the Reset Determination Date relating to the next succeeding Reset Period, the quantum of, or a formula or methodology for determining, such Adjustment Spread, then such Successor Rate or Alternative Reference Rate (as applicable) will apply without an Adjustment Spread; for the avoidance of doubt, the proviso in this subparagraph (iv) shall apply to the relevant Reset Period only and any subsequent Reset Periods (as applicable) are subject to the subsequent operation of, and to adjustment as provided in, this Condition 6(h) (*Benchmark Replacement*);

- (v) if the Independent Adviser or the Issuer determines a Successor Rate or, failing which, an Alternative Reference Rate (as applicable) and, in each case, any Adjustment Spread in accordance with the above provisions, the Independent Adviser or the Issuer (as applicable), may also specify changes to these Conditions, including but not limited to the Day Count Fraction, Screen Page, Relevant Screen Page (SONIA), Business Day Convention, Business Day, Reset Determination Date and/or the definitions of the relevant Reference Rate and/or 5-year Mid-Swap Rate applicable to the Securities, and the method for determining the fallback rate in relation to the Securities, in order to follow market practice in relation to the Successor Rate, the Alternative Reference Rate (as applicable) and/or the Adjustment Spread. For the avoidance of doubt, the Trustee, the Principal Paying Agent and the Agent Bank shall, at the direction and expense of the Issuer, effect such consequential amendments to the Trust Deed, the Agency Agreement and these Conditions as may be required in order to give effect to this Condition 6(h) (*Interest – Benchmark Replacement*). Holder consent shall not be required in connection with implementing the Successor Rate, Alternative Reference Rate (as applicable) and/or any Adjustment Spread or such other changes, including for the execution of any documents, amendments or other steps by the Trustee, the Principal Paying Agent or the Agent Bank (if required); and
- (vi) the Issuer shall promptly, following the determination of any Successor Rate, Alternative Reference Rate (as applicable) and/or any Adjustment Spread, give notice thereof to the Trustee, the Principal Paying Agent, the Agent Bank and the Holders, which shall specify the effective date(s) for such Successor Rate, Alternative Reference Rate (as applicable)

and/or any Adjustment Spread and any consequential changes made to these Conditions,

provided that the determination of any Successor Rate or Alternative Reference Rate or Adjustment Spread, and any other related changes to the Securities, shall be made in accordance with relevant Capital Regulations (if applicable) and shall not prejudice the then current capital or eligible liabilities qualification of the Securities, as applicable, in each case for the purposes of and in accordance with the Capital Regulations.

For the purposes of this Condition 6(h) (*Interest – Benchmark Replacement*):

"**Adjustment Spread**" means a spread (which may be positive or negative) or formula or methodology for calculating a spread, which the Independent Adviser (in consultation with the Issuer) or the Issuer (as applicable), determines is required to be applied to the Successor Rate or the Alternative Reference Rate (as applicable) in order to reduce or eliminate, to the extent reasonably practicable in the circumstances, any economic prejudice or benefit (as applicable) to Holders as a result of the replacement of the Reference Rate with the Successor Rate or the Alternative Reference Rate (as applicable) and is the spread, formula or methodology which:

- (A) in the case of a Successor Rate, is recommended in relation to the replacement of the Reference Rate with the Successor Rate by any Relevant Nominating Body; or
- (B) in the case of a Successor Rate for which no such recommendation has been made or in the case of an Alternative Reference Rate, the Independent Adviser (in consultation with the Issuer) or the Issuer (as applicable) determines is recognised or acknowledged as being in customary market usage in international debt capital markets transactions which reference the Reference Rate, where such rate has been replaced by the Successor Rate or the Alternative Reference Rate (as applicable); or
- (C) if no such customary market usage is recognised or acknowledged, the Issuer following consultation with the Independent Adviser (if any) and acting in good faith, determines is recognised or acknowledged as being the industry standard for over-the-counter derivative transactions which reference the Reference Rate (as applicable), where such rate has been replaced by the Successor Rate or the Alternative Rate (as the case may be);
- (D) if no such industry standard is recognised or acknowledged, the Independent Adviser (in consultation with the Issuer) or the Issuer in its discretion (as applicable), determines (acting in good faith and in a commercially reasonable manner) to be appropriate;

"**Alternative Reference Rate**" means the rate that the Independent Adviser or the Issuer (as applicable) determines has replaced the Reference Rate in customary market usage in the international debt capital markets for the purposes of determining rates of interest in respect of bonds denominated in Sterling and of a five year duration or, if the Independent Adviser or the Issuer (as applicable) determines that there is no such rate, such other rate as the Independent Adviser or the Issuer (as applicable) determines

in its discretion (acting in good faith and in a commercially reasonable manner) is most comparable to the Reference Rate;

"Benchmark Event" means:

- (A) the Reference Rate has ceased to be published on the Screen Page or Relevant Screen Page (SONIA), as applicable, as a result of such benchmark ceasing to be calculated or administered; or
- (B) a public statement by the administrator of the Reference Rate that it has ceased, or will cease, publishing the Reference Rate permanently or indefinitely (in circumstances where no successor administrator has been appointed that will continue publication of the Reference Rate); or
- (C) a public statement by the supervisor of the administrator of the Reference Rate that the Reference Rate has been or will be permanently or indefinitely discontinued; or
- (D) a public statement by the supervisor of the administrator of the Reference Rate as a consequence of which the Reference Rate will be prohibited from being used or that its use will be subject to restrictions or adverse consequences either generally, or in respect of the Securities; or
- (E) a public statement by the supervisor of the administrator of the Reference Rate that, in the view of such supervisor, the Reference Rate is no longer representative of an underlying market; or
- (F) it has or will become unlawful for the Agent Bank or the Issuer to calculate any payments due to be made to any Holders using the Reference Rate (including, without limitation, under the Benchmark Regulation (EU) 2016/1011 as it forms part of domestic law of the United Kingdom by virtue of the European Union (Withdrawal Act) 2018, if applicable);

"Independent Adviser" means an independent financial institution of international repute or other independent financial adviser experienced in the international debt capital markets, in each case appointed by the Issuer at its own expense;

"Relevant Nominating Body" means, in respect of a reference rate:

- (A) the central bank, reserve bank, monetary authority or any similar institution for the currency to which the reference rate relates, or any other central bank or other supervisory authority which is responsible for supervising the administrator of the reference rate; or
- (B) any working group or committee sponsored by, chaired or co-chaired by or constituted at the request of (a) the central bank, reserve bank, monetary authority or any similar institution for the currency to which the reference rate relates, (b) any other central bank or other supervisory authority which is responsible for supervising the administrator of the reference rate, (c) a group of the aforementioned central banks or other supervisory authorities, (d) the International Swaps and Derivatives Association, Inc. or any part thereof, or (e) the Financial Stability Board or any part thereof; and

"**Successor Rate**" means the reference rate (and related alternative screen page or source, if available) that the Independent Adviser or the Issuer (as applicable) determines is a successor to or replacement of the Reference Rate (for the avoidance of doubt, whether or not the Reference Rate has ceased to be available) which is formally recommended by any Relevant Nominating Body.

7. **Payments**

(a) *Principal*

Payments of principal shall be made by sterling cheque drawn on, or, upon application by a Holder of a Note to the Specified Office (as defined in the Agency Agreement) of the Principal Paying Agent not later than the fifteenth day before the due date for any such payment, by transfer to a sterling account maintained by the payee with, a bank in London and (in the case of redemption) upon surrender (or, in the case of part payment only, endorsement) of the relevant Certificates at the Specified Office of any Paying Agent.

(b) *Interest*

Payments of interest shall be made by sterling cheque drawn on, or, upon application by a Holder of a Note to the Specified Office of the Principal Paying Agent not later than the fifteenth day before the relevant Interest Payment Date or the date fixed for redemption (if any), by transfer to a sterling account maintained by the payee with, a bank in London and (in the case of interest payable on redemption) upon surrender (or, in the case of part payment only, endorsement) of the relevant Certificates at the Specified Office of any Paying Agent.

(c) *Payments subject to fiscal laws*

All payments in respect of the Notes are subject in all cases to any applicable fiscal or other laws and regulations in the place of payment, but without prejudice to the provisions of Condition 11 (*Taxation*). No commissions or expenses shall be charged to the Noteholders in respect of such payments.

(d) *Payment on Business Days*

Subject to Conditions 6, 8 and 9, where payment is to be made by transfer to a sterling account, payment instructions (for value the relevant Interest Payment Date or the date fixed for redemption (if any), as the case may be, or, if such date is not a payment business day, for value the next succeeding payment business day) will be initiated and, where payment is to be made by sterling cheque, the cheque will be mailed (i) (in the case of payments of principal and interest payable on redemption) on the later of the date fixed for redemption and the day on which the relevant Certificate is surrendered (or, in the case of part payment only, endorsed) at the Specified Office of a Paying Agent and (ii) (in the case of payments of interest payable other than on redemption) on the relevant Interest Payment Date. A Holder of a Note shall not be entitled to any interest or other payment in respect of any delay in payment resulting from (A) the date fixed for redemption or the relevant Interest Payment Date not being a

payment business day or (B) a cheque mailed in accordance with this Condition 7 (*Payments*) arriving after the payment date or being lost in the mail. In this Condition 7(d), "**payment business day**" means any day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in London and, in the case of surrender (or, in the case of part payment only, endorsement) of a Certificate, in the place in which the Certificate is surrendered (or, as the case may be, endorsed).

(e) *Partial payments*

If a Paying Agent makes a partial payment in respect of any Note, the Issuer shall procure that the amount and date of such payment are noted on the Register and, in the case of partial payment upon presentation of a Certificate, that a statement indicating the amount and the date of such payment is endorsed on the relevant Certificate.

(f) *Record date*

Each payment in respect of a Note will be made to the person shown as the Holder in the Register at the opening of business in the place of the Registrar's Specified Office on the fifteenth day before the relevant date fixed for redemption (if any) or the relevant Interest Payment Date (the "**Record Date**"). Where payment in respect of a Note is to be made by cheque, the cheque will be mailed to the address shown as the address of the Holder in the Register at the opening of business on the relevant Record Date.

(g) *Agents*

The names of the initial Agents and their initial specified offices are set out in the Agency Agreement. The Issuer reserves the right, subject to the prior written approval of the Trustee, at any time to vary or terminate the appointment of any Agent and to appoint additional or other Agents provided that:

- (i) there will at all times be a Principal Paying Agent and an Agent Bank;
- (ii) so long as the Notes are listed on any stock exchange or admitted to listing by any other relevant authority, there will at all times be a Paying Agent with a specified office in such place as may be required by the rules and regulations of the relevant stock exchange or other relevant authority;
- (iii) there will at all times be a Transfer Agent; and
- (iv) there will at all times be a Registrar.

Notice of any termination or appointment and of any changes in specified offices will be given to the Noteholders promptly by the Issuer in accordance with Condition 15.

8. **Redemption And Purchase**

(a) *No fixed redemption date*

The Notes are perpetual securities in respect of which there is no fixed redemption date and the Issuer shall only have the right to redeem or purchase them in accordance with the following provisions of this Condition 8. The Issuer shall not be entitled to deliver a notice of redemption after an Automatic Conversion Notice has been delivered.

(b) *Redemption at the option of the Issuer*

The Issuer may, in its sole discretion but subject to Condition 8(f), having given not less than 30 nor more than 60 days' notice to the Noteholders in accordance with Condition 15, the Trustee and the Agents (which notice shall, subject to Condition 8(f), be irrevocable and shall specify the date fixed for redemption), redeem all (but not some only) of the Notes on the First Reset Date or on any Interest Payment Date thereafter at their principal amount together with any Accrued Interest.

(c) *Redemption for regulatory reasons*

Subject to Condition 8(f), if there is a change in the regulatory classification of the Notes which becomes effective on or after the Issue Date that results, or would be likely to result, in the whole or any part of the principal amount of the Notes at any time being excluded from the Group's Tier 1 Capital (a "**Regulatory Event**"), the Issuer may, in its sole discretion but having given not less than 30 nor more than 60 days' notice to the Noteholders in accordance with Condition 15, the Trustee and the Agents (which notice shall, subject to Condition 8(f), be irrevocable and shall specify the date fixed for redemption), redeem all (but not some only) of the Notes at their principal amount together with any Accrued Interest.

Prior to giving notice of redemption in accordance with this Condition 8(c), the Issuer shall deliver to the Trustee a certificate signed by two Authorised Signatories of the Issuer stating that the conditions for redeeming the Notes pursuant to this Condition 8(c) have been met. Such certificate shall be treated by the Issuer, the Trustee, the Holders and all other interested parties as correct, conclusive and sufficient evidence thereof.

(d) *Redemption for tax reasons*

Subject to Condition 8(f), if as a result of a change in, or amendment to, the laws or regulations of a Relevant Jurisdiction, including any treaty to which the Relevant Jurisdiction is a party, or a change in an official application of those laws or regulations which change or amendment becomes effective on or after the Issue Date, including a decision of any court or tribunal which becomes effective on or after the Issue Date:

- (i) the Issuer has paid, or will or would on the next Interest Payment Date be required to pay, Additional Amounts in respect of the Notes; or

- (ii) the Issuer is or would not be entitled to claim a deduction in computing its taxable profits and losses in respect of interest payable on the Notes, or such a deduction is or would be reduced or deferred; or
- (iii) the Issuer is not or would not, as a result of the Notes being in issue, be able to have losses or deductions set against the profits or gains, or profits or gains offset by the losses or deductions, of companies with which the Issuer is or would otherwise be so grouped for applicable United Kingdom tax purposes (whether under the group relief system current as at the Issue Date or any similar system or systems having like effect as may from time to time exist); or
- (iv) the Issuer would be required to bring into account any amount of income, profit or gain or other tax credit or taxable item for tax purposes, or any other liability to tax would arise in respect of the write-down of the Notes, the conversion of the Notes into shares, or both (including, pursuant to these Conditions or as a result of the exercise of any regulatory powers under the Banking Act 2009),

(each, a "**Tax Event**"), the Issuer may, in its sole discretion but subject to Condition 8(f), having given not less than 30 nor more than 60 days' notice to Noteholders in accordance with Condition 15, the Trustee and the Agents (which notice shall, subject to Condition 8(f), be irrevocable and shall specify the date fixed for redemption), redeem all (but not some only) of the Notes at an amount equal to their principal amount together with any Accrued Interest.

Prior to giving notice of redemption in accordance with this Condition 8(d), the Issuer shall deliver to the Trustee a certificate signed by two Authorised Signatories of the Issuer stating that the conditions for redeeming the Notes pursuant to this Condition 8(d) have been met. Such certificate shall be treated by the Issuer, the Trustee, the Holders and all other interested parties as correct, conclusive and sufficient evidence thereof.

(e) *Purchases*

The Issuer or any of its Subsidiaries may, at its option but subject to the Solvency Condition and Supervisory Permission, purchase or otherwise acquire any of the outstanding Notes at any price in the open market or otherwise at any time in accordance with the then prevailing Regulatory Capital Requirements. All Notes purchased by or on behalf of the Issuer or any of its Subsidiaries may be held, reissued, resold or, at the option of the Issuer or any such Subsidiary, cancelled.

(f) *Conditions to redemption*

Any redemption under Conditions 8(b), 8(c) or 8(d) is subject to the Issuer obtaining Supervisory Permission and to compliance with the Regulatory Preconditions.

In addition, if the Issuer has elected to redeem the Notes and:

- (i) the Solvency Condition is not satisfied in respect of the relevant payment on the date scheduled for redemption; or
- (ii) prior to the redemption a Trigger Event occurs,

the relevant redemption notice shall be automatically rescinded and shall be of no force and effect and no payment of the redemption amount will be due and payable. In the case of (i), the Issuer shall give notice thereof to the Noteholders (in accordance with Condition 15), the Trustee and the Agents as soon as practicable or, in the case of (ii), the Automatic Conversion shall occur in accordance with Condition 9.

(g) *Cancellation*

All Notes which are redeemed by the Issuer pursuant to this Condition 8 will be cancelled.

(h) *Notices final*

Upon the expiry of any notice as is referred to in Condition 8(b), 8(c) or 8(d), the Issuer shall be bound (subject in all circumstances only to Condition 8(f)) to redeem the Notes to which the notice refers in accordance with the terms of such paragraph.

(i) *Trustee not obliged to monitor*

The Trustee shall not be under any duty to investigate whether any condition to redemption under this Condition 8 has occurred and (i) shall not be responsible to Noteholders for any loss arising from any failure by it to do so and (ii) shall be entitled to assume, unless it has actual knowledge to the contrary, that no such condition to redemption has occurred and that all Supervisory Permissions and/or Regulatory Preconditions have been satisfied. The Trustee shall rely without further investigation and without liability as aforesaid on any certificate delivered to it in connection with this Condition 8.

9. **Automatic Conversion**

(a) *Automatic Conversion on a Trigger Event*

If a Trigger Event occurs at any time, then an Automatic Conversion will occur on the Conversion Date at which point all of the Issuer's obligations under the Notes shall be irrevocably and automatically released in consideration of the Issuer's issuance of the Conversion Shares to the Conversion Shares Depositary on the Conversion Date at the then prevailing Conversion Price. Under no circumstances shall such released obligations be reinstated. If the Issuer has been unable to appoint a Conversion Shares Depositary, it shall make such other arrangements for the issuance and/or delivery of the Conversion Shares or Conversion Shares Offer Consideration, as applicable, to the Holders as it shall consider reasonable in the circumstances, which may include issuing the Conversion Shares to another nominee for the Holders or to the Holders directly,

which issuance shall irrevocably and automatically release all of the Issuer's obligations under the Notes as if the Conversion Shares had been issued to the Conversion Shares Depositary.

The Issuer shall immediately notify the Competent Authority of the occurrence of the Trigger Event and the Automatic Conversion shall occur without delay upon the occurrence of a Trigger Event and by no later than one month following such Trigger Event (or such shorter period as the Competent Authority may then require).

If a Trigger Event has occurred, the Issuer shall deliver an Automatic Conversion Notice to the Holders in accordance with Condition 15 and the Trustee and the Agents without delay after such time. Notwithstanding Condition 15, the Automatic Conversion Notice shall be deemed to have been given on the date on which it is dispatched to the Trustee and the Holders.

On or (if reasonably practicable) prior to giving the Automatic Conversion Notice, the Issuer shall deliver to the Trustee a certificate signed by two Authorised Signatories of the Issuer stating that the Trigger Event has occurred and the Trustee shall be entitled (without further investigation or liability) to accept such certificate as sufficient evidence of the occurrence of such event, in which event such certificate shall be conclusive and binding on the Trustee and the Holders.

Within 10 Business Days following the Conversion Date, the Issuer shall deliver a Conversion Shares Offer Notice to the Trustee directly and to the Holders in accordance with Condition 15.

The Notes are not convertible into Conversion Shares at the option of the Noteholders at any time.

(b) *Consequences of Automatic Conversion*

- (i) Following an Automatic Conversion, no Holder will have any rights against the Issuer with respect to the repayment of the principal amount of the Notes or the payment of interest or any other amount on or in respect of such Notes, which liabilities of the Issuer shall be irrevocably and automatically released and, accordingly, the principal amount of the Notes shall equal zero at all times thereafter. Any Interest Amount in respect of an Interest Period ending on any Interest Payment Date falling between the date of a Trigger Event and the Conversion Date shall be deemed to have been cancelled upon the occurrence of such Trigger Event and shall not be due and payable.
- (ii) Following the issuance of the Conversion Shares to the Conversion Shares Depositary (or to the relevant recipient as contemplated above and as applicable) on the Conversion Date, the Notes shall remain in existence until the applicable Cancellation Date for the sole purpose of evidencing the Holder's right to receive Conversion Shares or Conversion Shares Offer Consideration, as applicable, from the Conversion Shares Depositary (or such other relevant recipient).

- (iii) Provided that the Issuer issues and delivers the Conversion Shares to the Conversion Shares Depository (or to the relevant recipient as contemplated above) in accordance with these Conditions, with effect from the Conversion Date, Holders shall have recourse only to the Conversion Shares Depository (or to such other relevant recipient, as applicable) for the delivery to them of Conversion Shares or, if the Issuer elects that a Conversion Shares Offer be made pursuant to Condition 9(d) below, of any Conversion Shares Offer Consideration to which such Holders are entitled.
 - (iv) If the Issuer fails to issue and deliver the Conversion Shares to be issued and delivered on an Automatic Conversion to the Conversion Shares Depository (or to the relevant recipient as contemplated above) in accordance with the Conditions, a Holder's only right under the Notes against the Issuer for any such failure will be to claim to have such Conversion Shares so issued and delivered.
- (c) *Conversion Shares*
- (i) The Conversion Shares shall initially be registered in the name of the Conversion Shares Depository (which shall hold the Conversion Shares on behalf of the Holders) or the relevant recipient as contemplated above, and each Holder shall be deemed to have irrevocably directed the Issuer to issue the Conversion Shares corresponding to the conversion of its holding of Notes to the Conversion Shares Depository (or to such other relevant recipient).
 - (ii) The number of Conversion Shares to be issued to the Conversion Shares Depository on the Conversion Date shall be determined by dividing the aggregate principal amount of the Notes outstanding immediately prior to the Automatic Conversion on the Conversion Date by the Conversion Price prevailing on the Conversion Date rounded down, if necessary, to the nearest whole number of Conversion Shares. Fractions of Conversion Shares will not be issued following an Automatic Conversion and no cash payment will be made in lieu thereof.

The number of Conversion Shares to be held by the Conversion Shares Depository for the benefit of each Holder shall be the number of Conversion Shares thus calculated multiplied by a fraction equal to the aggregate amount of the Authorised Denomination of the Notes held by such Holder divided by the aggregate principal amount of the Notes outstanding immediately prior to the Automatic Conversion on the Conversion Date, rounded down, if necessary, to the nearest whole number of Conversion Shares.
 - (iii) The Conversion Shares issued following an Automatic Conversion will be fully paid and non-assessable and will in all respects rank *pari passu* with the Issuer's fully paid ordinary shares in issue on the Conversion Date, except in any such case for any right excluded by mandatory provisions of applicable law, and except that the Conversion Shares so issued will not rank for (or, as the case may be, the relevant Holder shall

not be entitled to receive) any rights, the entitlement to which falls prior to the Conversion Date.

- (iv) The Conversion Shares Depositary (or the relevant recipient in accordance with these Conditions, as applicable) shall hold the Conversion Shares on behalf of the Holders, who shall be entitled to direct the Conversion Shares Depositary or such other recipient, as applicable, to exercise on their behalf all rights of an ordinary shareholder (including voting rights and rights to receive dividends) except that Holders shall not be able to sell or otherwise transfer the Conversion Shares until such time as they have been delivered to Holders in accordance with the procedures set forth in Condition 9(e).
 - (v) If a Qualifying Takeover Event shall have occurred, then, where the Conversion Date falls on or after the QTE Effective Date, Approved Entity Shares of the Approved Entity shall be issued to the Conversion Shares Depositary on the Conversion Date instead of Conversion Shares, in accordance with Condition 10(e).
 - (vi) The Conversion Shares or the Conversion Shares Offer Consideration, as the case may be, will be delivered to Holders pursuant to the procedures set out in Condition 9(e) below.
- (d) *Conversion Share Offer*
- (i) No later than 10 Business Days following the Conversion Date, the Issuer may, in its sole and absolute discretion, elect that the Conversion Shares Depositary make an offer of all or some of the Conversion Shares to all or some of the Issuer's ordinary shareholders at such time at a cash price per Conversion Share equal to the Conversion Price, subject as provided below (the "**Conversion Shares Offer**"). The Issuer may, on behalf of the Conversion Shares Depositary, appoint a Conversion Shares Offer Agent to act as placement or other agent to facilitate the Conversion Shares Offer.
 - (ii) The Issuer will deliver a Conversion Shares Offer Notice to the Trustee directly and to the Holders in accordance with Condition 15 within 10 Business Days following the Conversion Date specifying whether or not it has elected that a Conversion Shares Offer be conducted. If so elected, the Conversion Shares Offer Period, during which the Conversion Shares Offer may be made, shall end no later than 40 Business Days after the giving by the Issuer of the Conversion Shares Offer Notice.
 - (iii) Any Conversion Shares Offer shall be made subject to applicable laws and regulations in effect at the relevant time and shall be conducted, if at all, only to the extent that the Issuer, in its sole and absolute discretion, determines that the Conversion Shares Offer is practicable. The Issuer or the purchasers of the Conversion Shares sold in any Conversion Shares Offer shall bear the costs and expenses of any Conversion Shares Offer (other than the taxes referred to in the definition of Conversion Shares Offer Consideration), including the fees of the Conversion

Shares Offer Agent, if any. If a prospectus or other offering document is required to be prepared in connection with a Conversion Shares Offer, the Issuer will facilitate the preparation of such prospectus or other offering document, and the Issuer and/or its directors will take responsibility for such prospectus or other offering document, in each case, if and to the extent then required by applicable laws and regulations then in effect. In addition, if so requested by the Conversion Shares Depository as offeror, the Issuer shall indemnify the Conversion Shares Depository for any losses incurred in connection with any Conversion Shares Offer.

- (iv) Upon completion of the Conversion Shares Offer, the Issuer or the Conversion Shares Depository will provide notice to the Trustee and the Holders in accordance with Condition 15 of the composition of the Conversion Shares Offer Consideration (and of the deductions to the cash component, if any, of the Conversion Shares Offer Consideration (as set out in the definition of Conversion Shares Offer Consideration)) per Calculation Amount.
- (v) The Issuer reserves the right, in its sole and absolute discretion, to terminate the Conversion Shares Offer at any time during the Conversion Shares Offer Period by providing at least three Business Days' notice to the Trustee directly and to the Holders in accordance with Condition 15, and, if it does so, the Issuer may, in its sole and absolute discretion, take steps (including changing the Suspension Date) to deliver to Holders the Conversion Shares at a time that is earlier than the time at which they would have otherwise received the Conversion Shares Offer Consideration had the Conversion Shares Offer been completed.
- (vi) By its subscription for, purchase or other acquisition of the Notes, each Holder acknowledges and agrees that if the Issuer elects, in its sole and absolute discretion, that a Conversion Shares Offer be conducted by the Conversion Shares Depository such Holder shall be deemed to have: (i) irrevocably consented to any Conversion Shares Offer and to the Conversion Shares Depository using the Conversion Shares to settle any Conversion Shares Offer in accordance with these Conditions, (ii) consented to the transfer of the beneficial interest it holds in the Conversion Shares to the Conversion Shares Depository in connection with the Conversion Shares Offer in accordance with these Conditions, (iii) irrevocably agreed that the Issuer, the Conversion Shares Depository and the Conversion Shares Offer Agent, if any, may take any and all actions necessary to conduct the Conversion Shares Offer in accordance with these Conditions, and (iv) agreed that none of the Issuer, the Trustee, the Conversion Shares Depository, if any, or the Conversion Shares Offer Agent, if any, shall, to the extent permitted by applicable law, incur any liability to the Holders in respect of the Conversion Shares Offer (except for the obligations of the Conversion Shares Depository in respect of the Holders' entitlement to any Conversion Shares Offer Consideration).

- (vii) Neither the occurrence of a Trigger Event nor, following the occurrence of a Trigger Event, the election (if any) by the Issuer to undertake a Conversion Shares Offer on the terms set out herein, shall preclude the Issuer from undertaking a rights issue at any time on such terms as the Issuer deems appropriate, at its sole discretion, including, for the avoidance of doubt, the offer of ordinary shares at or below the Conversion Price.

(e) *Settlement Procedure*

Delivery of the Conversion Shares or Conversion Shares Offer Consideration, as applicable, to the Holders will be made in accordance with the following procedures:

- (i) The Conversion Shares (or the Conversion Share component, if any, of any Conversion Shares Offer Consideration) will be delivered to Holders in uncertificated form through the dematerialised securities trading system operated by Euroclear UK & Ireland Limited, known as CREST, unless the Conversion Shares are not a participating security in CREST at the relevant time, in which case the Conversion Shares (or the Conversion Share component, if any, of any Conversion Shares Offer Consideration) will either be delivered in the form of the relevant clearing system in which the Conversion Shares are a participating security or in certificated form, as notified by the Issuer to the Holders in accordance with Condition 15. Where the Conversion Shares (or the Conversion Share component, if any, of any Conversion Shares Offer Consideration) are to be delivered through CREST or such other clearing system in which such Conversion Shares are a participating security, they will be delivered to the account specified by the relevant Holder in the relevant Conversion Shares Settlement Notice.
- (ii) Where the Conversion Shares (or the Conversion Share component, if any, of any Conversion Shares Offer Consideration) are to be delivered in certificated form, the name of the relevant Holder (or its nominee) will be entered in the Issuer's share register and a certificate in respect thereof will be dispatched by mail free of charge to the relevant Holder or as it may direct in the relevant Conversion Shares Settlement Notice.
- (iii) The cash component, if any, of any Conversion Shares Offer Consideration will be paid to the Holders (A) if the relevant Conversion Shares Settlement Notice is not delivered to the Conversion Shares Depositary before the end of the Conversion Shares Offer Period, by Sterling cheque drawn on a bank in London and mailed to their address shown on the Register on or around the date on which the Conversion Shares Offer Period ends, or (B) if the relevant Conversion Shares Settlement Notice is delivered to the Conversion Shares Depositary before the end of the Conversion Shares Offer Period, by transfer on or around the date on which the Conversion Shares Offer Period ends to such Sterling account maintained by the payee with a bank in London as the Holder may direct in such notice.

- (iv) The Conversion Shares (and the Conversion Share component, if any, of any Conversion Shares Offer Consideration) will not be available for delivery (A) to, or to a nominee for, Clearstream, Luxembourg or Euroclear or any other person providing a clearance service within the meaning of Section 96 of the Finance Act 1986 of the United Kingdom or (B) to a person, or nominee or agent for a person, whose business is or includes issuing depository receipts within the meaning of Section 93 of the Finance Act 1986 of the United Kingdom, in each case at any time prior to the "abolition day" as defined in Section 111(1) of the Finance Act 1990 of the United Kingdom, or, if earlier, such other time at which the Issuer, in its absolute discretion, determines that no charge under Section 67, 70, 93 or 96 of the Finance Act 1986 or any similar charge (under any successor legislation) would arise as a result of such delivery or (C) to the CREST account of such a person mentioned in (A) or (B).
- (v) Neither the Issuer, nor any member of the Group shall be liable for any stamp duty, stamp duty reserve tax, or any other capital, issue, transfer, registration, financial transaction or documentary tax that may arise or be paid as a consequence of the delivery of Conversion Shares (or the Conversion Share component, if any, of any Conversion Shares Offer Consideration), which tax shall be borne solely by the Holder or, if different, the person to whom the Conversion Shares (or the Conversion Share component, if any, of any Conversion Shares Offer Consideration) are delivered.
- (vi) The Conversion Shares Offer Notice shall specify the Suspension Date. On the Suspension Date, the Issuer shall deliver a Conversion Shares Settlement Request Notice to the Trustee directly and to the Holders in accordance with Condition 15. Such notice shall request that Holders complete a Conversion Shares Settlement Notice and shall specify the Notice Cut-off Date and the Final Cancellation Date.
- (vii) In order to obtain delivery of the relevant Conversion Shares or Conversion Share component, if any, of any Conversion Shares Offer Consideration, as applicable, a Holder must deliver its Conversion Shares Settlement Notice to the Conversion Shares Depository (or to the relevant recipient as contemplated above) on or before the Notice Cut-off Date. If such delivery is made after the end of normal business hours at the specified office of the Conversion Shares Depository (or of the relevant recipient), such delivery shall be deemed for all purposes to have been made or given on the next following Business Day. The Conversion Shares Settlement Notice must be delivered to the specified office of the Conversion Shares Depository (or of the relevant recipient) together with the relevant Notes.

Each Conversion Shares Settlement Notice shall be irrevocable. Failure to properly complete and deliver a Conversion Shares Settlement Notice and the relevant Notes, if applicable, may result in such notice being treated by the Conversion Shares Depository as null and void. Any determination as to whether any Conversion Shares Settlement Notice has been properly completed and delivered shall be made by the

Conversion Shares Depository (or by the relevant recipient) in its sole and absolute discretion and shall be conclusive and binding on the relevant holder.

- (viii) Subject as provided herein and provided the Conversion Shares Settlement Notice and the relevant Notes, if applicable, are delivered on or before the Notice Cut-off Date, the Conversion Shares Depository (or to the relevant recipient) shall deliver the relevant Conversion Shares (rounded down to the nearest whole number of Conversion Shares) or Conversion Share component, if any, of any Conversion Shares Offer Consideration (rounded down to the nearest whole number of Conversion Shares), as applicable, to the Holder of the relevant Notes completing the relevant Conversion Shares Settlement Notice or its nominee in accordance with the instructions given in such Conversion Shares Settlement Notice on the applicable Settlement Date.
- (ix) If a Conversion Shares Settlement Notice and the relevant Notes, if applicable, are not delivered to the Conversion Shares Depository on or before the Notice Cut-off Date, then the Conversion Shares Depository shall continue to hold the relevant Conversion Shares (or Conversion Share component, if any, of any Conversion Shares Offer Consideration) until a Conversion Shares Settlement Notice (and the relevant Notes, if applicable) is so delivered. However, the relevant Notes shall be cancelled on the Final Cancellation Date and any Holder delivering a Conversion Shares Settlement Notice after the Notice Cut-off Date will have to provide evidence of its entitlement to the relevant Conversion Shares (or the relevant Conversion Shares component, if any, of any Conversion Shares Offer Consideration) satisfactory to the Conversion Shares Depository in its sole and absolute discretion in order to receive delivery of such Conversion Shares (or Conversion Share component of any Conversion Shares Offer Consideration).

The Issuer shall have no liability to any Holder for any loss resulting from such Holder not receiving any Conversion Shares (or Conversion Share component of any Conversion Shares Offer Consideration) or from any delay in the receipt thereof, in each case as a result of such holder failing to duly submit a Conversion Shares Settlement Notice and the relevant Notes, if applicable, on a timely basis or at all.

- (f) Trustee not responsible for Conversion Shares or Conversion Shares Depository

The Trustee shall not be responsible or liable for implementing or monitoring any Conversion Shares Offer, nor for monitoring or enforcing the obligations of the Conversion Shares Depository in respect thereof. Following Automatic Conversion and delivery of the Conversion Shares to the Conversion Shares Depository, Holders must look to the Conversion Shares Depository (or such other recipient of the Conversion Shares, as set out above) for any Conversion Shares or Conversion Shares Offer Consideration due to them at the relevant time.

10. Adjustments to the Conversion Price

(a) *Adjustments to the Conversion Price*

Upon the occurrence of any of the events set out below, the Conversion Price shall be adjusted as follows:

- (i) If and whenever there shall be a consolidation, reclassification or subdivision in relation to the ordinary shares of the Issuer, the Conversion Price shall be adjusted by multiplying the Conversion Price in effect immediately prior to such consolidation, reclassification or subdivision by the following fraction:

$$\frac{A}{B}$$

where:

A is the aggregate number of ordinary shares of the Issuer in issue immediately before such consolidation, reclassification or subdivision, as the case may be; and

B is the aggregate number of ordinary shares of the Issuer in issue immediately after, and as a result of, such consolidation, reclassification or subdivision, as the case may be.

Such adjustment shall become effective on the date the consolidation, reclassification or subdivision, as the case may be, takes effect.

- (ii) If and whenever the Issuer shall issue any ordinary shares credited as fully paid to the Issuer's shareholders as a class by way of capitalisation of profits or reserves (including any share premium account or capital redemption reserve) other than (1) where any such ordinary shares are or are to be issued instead of the whole or part of a Cash Dividend which the Issuer's shareholders would or could otherwise have elected to receive, (2) where the Issuer's shareholders may elect to receive a Cash Dividend in lieu of such ordinary shares or (3) where any such ordinary shares are or are expressed to be issued in lieu of a dividend (whether or not a Cash Dividend equivalent or amount is announced or would otherwise be payable to the Issuer's shareholders, whether at their election or otherwise), the Conversion Price shall be adjusted by multiplying the Conversion Price in effect immediately prior to such issue by the following fraction:

$$\frac{A}{B}$$

where:

A is the aggregate number of ordinary shares of the Issuer in issue immediately before such issue; and

B is the aggregate number of ordinary shares of the Issuer in issue immediately after such issue.

Such adjustment shall become effective on the date of issue of such ordinary shares.

(iii) If and whenever the Issuer shall issue any ordinary shares to all or substantially all of the Issuer's shareholders as a class by way of rights at a price per ordinary share which is less than 95 per cent. of the Current Market Price per ordinary share on the Effective Date, the Conversion Price shall be adjusted by multiplying the Conversion Price in effect immediately prior to the Effective Date by the following fraction:

$$\frac{A + B}{A + C}$$

where:

A is the aggregate number of ordinary shares of the Issuer in issue on the Effective Date;

B is the aggregate number of ordinary shares of the Issuer that the aggregate consideration (if any) receivable for the ordinary shares issued by way of rights would purchase at such Current Market Price per ordinary share on the Effective Date; and

C is the number of ordinary shares to be issued.

Such adjustment shall become effective on the Effective Date.

For the purpose of any calculation of the consideration receivable or price pursuant to this paragraph (iii), the following provisions shall apply:

- (1) the aggregate consideration receivable or price for ordinary shares issued for cash shall be the amount of such cash;
- (2) if the consideration or price determined pursuant to (1) above (or any component thereof) shall be expressed in a currency other than the Relevant Currency, it shall be converted into the Relevant Currency at the Prevailing Rate on the relevant Effective Date;
- (3) in determining the consideration or price pursuant to the above, no deduction shall be made for any commissions or fees (howsoever described) or any expenses paid or incurred for any underwriting, placing or management of the issue of the relevant ordinary shares or otherwise in connection therewith;
- (4) the consideration or price shall be determined as provided in (1)-(3) above on the basis of the consideration or price received, receivable, paid or payable, regardless of whether all or part

thereof is received, receivable, paid or payable by or to the Issuer or another entity; and

- (5) references herein to "cash" shall be construed as cash consideration within the meaning of Section 583(3) of the Companies Act.
- (iv) If and whenever the Issuer shall pay any Extraordinary Dividend to shareholders of the Issuer as a class, the Conversion Price shall be adjusted by multiplying the Conversion Price in effect immediately prior to the Effective Date by the following fraction:

$$\frac{A - B}{A}$$

where:

- A is the Current Market Price of one ordinary share on the Effective Date; and
- B is the portion of the aggregate Extraordinary Dividend attributable to one ordinary share, with such portion being determined by dividing the aggregate Extraordinary Dividend by the number of ordinary shares entitled to receive the relevant Extraordinary Dividend. If the Extraordinary Dividend shall be expressed in a currency other than the Relevant Currency, it shall be converted into the Relevant Currency at the Prevailing Rate on the relevant Effective Date.

Such adjustment shall become effective on the Effective Date.

Notwithstanding the foregoing provisions:

- (A) where the events or circumstances giving rise to any adjustment pursuant to this section have already resulted or will result in an adjustment to the Conversion Price or where the events or circumstances giving rise to any adjustment arise by virtue of any other events or circumstances that have already given or will give rise to an adjustment to the Conversion Price or where more than one event that gives rise to an adjustment to the Conversion Price occurs within such a short period of time that, in the opinion of the Issuer, a modification to the operation of the adjustment provisions is required to give the intended result, such modification shall be made to the operation of the adjustment provisions as may be determined in good faith by an Independent Financial Adviser to be in its opinion appropriate to give the intended result;
- (B) such modification shall be made to the operation of these Conditions as may be determined in good faith by an Independent Financial Adviser to be in its opinion appropriate to

ensure that an adjustment to the Conversion Price or the economic effect thereof shall not be taken into account more than once;

- (C) for the avoidance of doubt, the issue of ordinary shares following an Automatic Conversion or upon any conversion or exchange or the exercise of any other options, warrants or other rights shall not result in an adjustment to the Conversion Price;
- (D) in respect of any adjustment pursuant to paragraphs (i) to (iii) above, such adjustment shall be made only up to the extent it does not result in a Conversion Price that, if it were to be applied for the purposes of any Automatic Conversion at the time of such adjustment, would result in a number of Conversion Shares being required to be issued which represents a greater proportion of the total number of ordinary shares of the Issuer which are in issue than would be the case had the adjustment not been made (and had the corporate event not occurred); and
- (E) in respect of any adjustment pursuant to paragraph (iv) above, such adjustment shall be made only up to the extent it does not result in a Conversion Price that, if it were to be applied for the purposes of any Automatic Conversion at the time of such adjustment, would result in the issue of an additional number of Conversion Shares having a value that is greater than the value of the aggregate Extraordinary Dividend which would be attributable to the ordinary shares underlying the Notes had such ordinary shares been in issue.

(b) *No Retroactive Adjustments*

The Issuer shall not issue any additional Conversion Shares if the Automatic Conversion occurs after the record date in respect of any consolidation, reclassification or sub-division as is mentioned in Condition 10(a)(i), or after the record date or other due date for the establishment of entitlement for any such issue as is mentioned in Condition 10(a)(ii), but before the relevant adjustment to the Conversion Price becomes effective under such section.

(c) *Decision of an Independent Financial Adviser*

If any doubt shall arise as to whether an adjustment falls to be made to the Conversion Price or as to the appropriate adjustment to such Conversion Price, and following consultation between the Issuer and an Independent Financial Adviser, a written opinion of such Independent Financial Adviser in respect thereof shall be conclusive and binding on the Issuer, the Trustee and the Holders, save in the case of manifest error.

(d) *Rounding Down and Notice of Adjustment to the Conversion Price*

On any adjustment to the Conversion Price pursuant to this Condition 9, if the resultant Conversion Price is a number with more decimal places than the initial

Conversion Price, that number shall be rounded to the same number of decimal places as the initial Conversion Price. No adjustment shall be made to the Conversion Price where such adjustment (rounded down if applicable) would be less than 1 per cent. of the Conversion Price then in effect. Any adjustment not required to be made, and/or any amount by which the Conversion Price has been rounded down, shall be carried forward and taken into account in any subsequent adjustment, and such subsequent adjustment shall be made on the basis that the adjustment not required to be made had been made at the relevant time and/or, as the case may be, that the relevant rounding down had not been made.

Notice of any adjustments to the Conversion Price shall be given by the Issuer to the Trustee and to the Holders in accordance with Condition 15 promptly after the determination thereof.

The Conversion Price shall not in any event be reduced to below the nominal value of the ordinary shares.

(e) *Qualifying Takeover Event*

Within 10 Business Days following the occurrence of a Takeover Event, the Issuer shall give notice thereof to the Trustee and to the Holders by means of a Takeover Event Notice. If the Takeover Event is not a Qualifying Takeover Event, the Takeover Event Notice addressed to the Trustee shall include a certification signed by two Authorised Signatories certifying that a Takeover Event that is not a Qualifying Takeover Event has occurred, in which event such certification shall be treated and accepted by the Trustee and the Noteholders as correct, conclusive and sufficient evidence thereof.

If the Takeover Event is a Qualifying Takeover Event, the Notes shall, where the Conversion Date falls on or after the QTE Effective Date, be converted into or exchanged for Approved Entity Shares of the Approved Entity, *mutatis mutandis* as provided in Condition 9 above, at a Conversion Price that shall initially be the New Conversion Price, which may be higher or lower than the Conversion Price and references herein to "Conversion Shares" shall be deemed to be references to "Approved Entity Shares".

The New Conversion Price shall be subject to adjustment in the circumstances provided for in Condition 10(a) above (if necessary with such modifications and amendments as an Independent Financial Adviser acting in good faith shall determine to be appropriate and references to "ordinary shares" shall be read as references to "Approved Entity Shares"), and the Issuer shall give notice to the Trustee and to the Holders in accordance with Condition 15 of the New Conversion Price and of any such modifications and amendments thereafter.

(i) In the case of a Qualifying Takeover Event:

- (A) the Issuer shall, to the extent permitted by applicable law and regulation, on or prior to the QTE Effective Date, enter into such agreements and arrangements (which may include a supplemental trust deed and amendments and modifications to

these Conditions and the Trust Deed) as may be required to ensure that, with effect from the QTE Effective Date, the Notes shall be convertible into, or exchangeable for, Approved Entity Shares, *mutatis mutandis* in accordance with, and subject to, the provisions in Condition 9 (as may be so supplemented, amended or modified), at the New Conversion Price and any references to the Conversion Price shall be construed as references to the New Conversion Price; and

- (B) upon the occurrence of a Trigger Event where the Conversion Date falls on or after the QTE Effective Date, the Issuer shall procure (to the extent within its control) the issue of the relevant number of Approved Entity Shares *mutatis mutandis* in the manner provided in Condition 9 above, as may be amended or modified as provided above.

The Trustee shall be obliged (at the expense of the Issuer) to concur with the Issuer in making any such amendments and modifications to the Trust Deed and these Conditions, and to execute any such deeds supplemental to the Trust Deed, provided that the Trustee shall not be bound to do so if any such amendments, modifications or deeds would, in the opinion of the Trustee, have the effect of (i) exposing the Trustee to any liability against which it is not indemnified and/or secured and/or pre-funded to its satisfaction, (ii) changing, increasing or adding to the obligations or duties of the Trustee or (iii) removing or amending any protection or indemnity afforded to, or any other provision in favour of, the Trustee under the Trust Deed, the Conditions and/or the Notes.

- (ii) In the case of a Takeover Event that is not a Qualifying Takeover Event (including if that is because the Acquirer is a Governmental Entity), with effect from the occurrence of the Takeover Event and unless a Conversion Date shall have occurred prior to the date of such Takeover Event, outstanding Notes shall not be subject to Automatic Conversion at any time notwithstanding that a Trigger Event may occur subsequently but instead, upon the occurrence of a subsequent Trigger Event (if any) (or where the Conversion Date occurs on or after the date of such Takeover Event) the outstanding principal amount of each Note will automatically be written down to zero, each Note will be cancelled, all accrued but unpaid interest and any other amounts payable on each Note will be cancelled (irrespective of whether such amounts have become due and payable prior to the occurrence of the Trigger Event) and the Noteholders will be automatically deemed to have irrevocably waived their right to receive, and no longer have any rights against the Issuer with respect to, repayment of the aggregate principal amount of the Notes or to any interest or other amount so cancelled.

(f) *Covenants*

Whilst any Note remains outstanding, the Issuer shall (if and to the extent permitted by the Regulatory Capital Requirements from time to time and only to the extent that such covenant would not cause a Regulatory Event to occur)

in the event of a Newco Scheme, save with the approval of an Extraordinary Resolution, take (or shall procure that there is taken) all necessary action to ensure that the Newco Scheme is an Exempt Newco Scheme and that immediately after completion of the Scheme of Arrangement such amendments are made to these Conditions and the Trust Deed as are necessary to ensure that the Notes may be converted into or exchanged for ordinary shares or units or the equivalent in Newco *mutatis mutandis* in accordance with and subject to these Conditions and the Trust Deed. The Trustee shall (at the expense of the Issuer and provided that the Trustee is satisfied that the effect of such amendments will be only that the Notes may be converted into or exchanged for ordinary shares or units or the equivalent in Newco *mutatis mutandis* in accordance with and subject to these Conditions) be bound to concur in effecting such amendments, provided that the Trustee shall not be bound to concur if to do so would, in the opinion of the Trustee, (i) expose the Trustee to any liability against which it is not indemnified and/or secured and/or pre-funded to its satisfaction, (ii) change, increase or add to the obligations or duties of the Trustee or (iii) remove or amend any protection or indemnity afforded to, or any other provisions in favour of, the Trustee under the Trust Deed, the Conditions and/or the Notes.

11. Taxation

(a) *Payment without withholding*

All payments in respect of the Notes by or on behalf of the Issuer shall be made without withholding or deduction for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature ("**Taxes**") imposed or levied by or on behalf of the Relevant Jurisdiction, unless the withholding or deduction of the Taxes is required by law. In that event, the Issuer will pay such additional amounts in respect of any interest on the Notes ("**Additional Amounts**"), but not, for the avoidance of doubt, in respect of the payment of any principal in respect of the Notes, as may be necessary in order that the net amounts in respect of any interest on the Notes received by the Noteholders after the withholding or deduction shall equal the respective amounts which would have been receivable in respect of interest on the Notes in the absence of the withholding or deduction, except that no Additional Amounts shall be payable in relation to any payment in respect of any Note:

- (i) to or on behalf of a Holder, or a beneficial owner of the relevant Notes, which is liable to such Taxes in respect of such Note by reason of its having some connection with the Relevant Jurisdiction other than the mere holding or ownership of the Note; or
- (ii) where (in the case of a payment of principal or interest on redemption) the relevant Certificate is presented for payment by or on behalf of a Noteholder who would have been able to avoid such withholding or deduction by presenting the relevant Note to another Paying Agent in a member state of the European Union; or
- (iii) where (in the case of a payment of interest on redemption) the relevant Certificate is surrendered for payment more than 30 days after the

Relevant Date except to the extent that the relevant Noteholder would have been entitled to such Additional Amounts if it had surrendered the relevant Certificate on the last day of such period of 30 days; or

- (iv) where the Holder of the relevant Notes failed to make any necessary claim or to comply with any certification, identification or other requirements concerning the nationality, residence, identity or connection with the Relevant Jurisdiction of such Holder, if such claim or compliance is required by statute, treaty, regulation or administrative practice of the Relevant Jurisdiction as a condition to relief or exemption from such taxes.

For the avoidance of doubt, any amounts to be paid by the Issuer on the Notes will be paid net of any deduction or withholding imposed or required pursuant to Sections 1471 through 1474 of the U.S. Internal Revenue Code of 1986 (the "**Code**"), any current or future regulations or official interpretations thereof, any agreement entered into pursuant to Section 1471(b) of the Code, or any fiscal or regulatory legislation, rules or practices adopted pursuant to any intergovernmental agreement entered into in connection with the implementation of such Sections of the Code (or any law implementing such an intergovernmental agreement) (a "**FATCA Withholding Tax**"), and the Issuer will not be required to pay any Additional Amounts on account of any FATCA Withholding Tax.

- (b) *Additional Amounts*

Any reference in these Conditions to any interest in respect of the Notes shall be deemed also to include any Additional Amounts which is, were or would be payable under this Condition 9.

The mandatory restrictions on payments of Interest Amounts in Condition 6(a) shall apply to any Additional Amounts *mutatis mutandis*.

12. **Prescription**

Notes will become void unless presented for payment within periods of 10 years (in the case of principal) and five years (in the case of interest) from the Relevant Date in respect of the Notes, subject to the provisions of Condition 7.

13. **Non-Payment when due and Winding-Up Event**

- (a) *Proceedings in the event of non-payment or breach of Performance Obligations*

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

- (i) *Non-payment*: in the event that any principal on the Notes has not been paid within 14 days from the due date for payment, institute proceedings

in a court of competent jurisdiction in England (or such other jurisdiction in which the Issuer is organised) (but not elsewhere) for the winding-up of the Issuer and/or prove and/or claim in a Winding-Up, provided that the Issuer shall not be in default if it satisfies the Trustee during the 14 day period that such sums were not paid in order to comply with any mandatory law, regulation or order of any court of competent jurisdiction. Where there is doubt as to the validity or applicability of any such law, regulation or order, the Issuer will not be in default if it acts on the advice given to it during such period by independent legal advisers acceptable to the Trustee. No interest will be due and payable if such interest has been cancelled (in whole or in part) pursuant to Condition 4(a), 6(a) or 9. Accordingly, no default in payment under the Notes will have occurred or be deemed to have occurred in such circumstances; or

- (ii) *Limited remedies for breach of Performance Obligations*: institute such proceedings against the Issuer as it may think fit to enforce any term, obligation or condition binding on the Issuer under the Notes or the terms of the Trust Deed (other than any payment obligation of the Issuer under or arising from the Notes or the Trust Deed, including, without limitation, payment of any principal or interest) (a "**Performance Obligation**"); provided always that the Trustee (acting on behalf of the Noteholders but not the Trustee acting in its personal capacity under the Trust Deed) and the Noteholders shall not enforce, and shall not be entitled to enforce or otherwise claim against the Issuer, any judgment or other award given in such proceedings that requires the payment of money by the Issuer, whether by way of damages or otherwise (a "**Monetary Judgment**"), except by proving and/or claiming such Monetary Judgment in a Winding-Up.

Nothing in this Condition 13(a) shall affect or prejudice the payment of the costs, charges, expenses, liabilities or remuneration of the Trustee or the rights and remedies of the Trustee in respect thereof.

- (b) *Winding-Up Event*

If a Winding-Up Event occurs before the occurrence of a Trigger Event, the Trustee at its discretion may and, if so requested in writing by the holders of at least one quarter of the aggregate principal amount of the outstanding Notes or if so directed by an Extraordinary Resolution, shall (subject to the Trustee having been indemnified and/or secured and/or prefunded to its satisfaction), subject to Condition 5(a), declare the Notes to be due and repayable immediately (and the Notes shall thereby become so due and repayable with such claim as set out in Condition 5(a)).

- (c) *Right of Noteholders*

No Noteholder shall be entitled to proceed directly against the Issuer or institute any of the proceedings referred to in this Condition 13 or to prove and/or claim in a Winding-Up, except that, if the Trustee, having become bound to proceed against the Issuer as aforesaid, fails to do so or, being able to prove in such

Winding-Up, fails to do so, in each case within a reasonable period and in each such case such failure shall be continuing, then any such Noteholder may itself institute such proceedings and/or prove and/or claim in such Winding-Up to the same extent (but not further or otherwise) that the Trustee would have been entitled to do so in respect of the Notes.

(d) *Extent of Noteholder's remedy*

No remedy against the Issuer other than the institution of the proceedings referred to in this Condition 13 or proving and/or claiming in a Winding-Up, shall be available to the Trustee or the Noteholders, whether for the recovery of amounts owing in respect of the Notes or under the Trust Deed or in respect of any breach by the Issuer of any of its other obligations under or in respect of the Notes or the Trust Deed.

14. Replacement Of Certificates

If any Certificate is lost, stolen, mutilated, defaced or destroyed it may be replaced at the specified office of the Registrar or any Agent, subject to all applicable laws and stock exchange requirements, upon payment by the claimant of the expenses incurred in connection with the replacement and on such terms as to evidence and indemnity as the Issuer and/or the Registrar may reasonably require. Mutilated or defaced Certificates must be surrendered before replacements will be issued.

15. Notices

All notices regarding the Notes shall be valid if sent by post to the Noteholders at their respective addresses in the Register and, if and for so long as the Notes are listed on the Irish Stock Exchange or on any other stock exchange, notices will also be given in accordance with any applicable requirements of such stock exchange. Any notice shall be deemed to have been given on the second day after being so mailed or on the date of publication or, if so published more than once or on different dates, on the date of the first publication.

16. Meetings of Noteholders, Modification and Waivers

(a) *Meetings of Noteholders*

The Trust Deed contains provisions for convening meetings of Noteholders to consider any matter affecting their interests, including the modification or abrogation by Extraordinary Resolution of any of these Conditions or any of the provisions of the Trust Deed. The quorum at any meeting of Noteholders for passing an Extraordinary Resolution will be one or more persons present holding or representing more than 50 per cent. of the aggregate principal amount of the Notes for the time being outstanding, or at any adjourned meeting one or more persons present whatever the principal amount of the Notes held or represented by him or them, except that at any meeting the business of which is to deal with certain proposals (including any proposal to change any Interest Payment Date or any optional redemption date, to reduce the amount of interest payable in respect of the Notes, to reduce the principal amount of the Notes, to alter the method of calculating of any interest in respect of the Notes, to change

the currency of payments under the Notes, to modify the provisions of Conditions 3, 4 or 5, to modify the provisions of Condition 9 and/or Condition 10 (other than pursuant to or as a result of any amendment to these Conditions and the Trust Deed made pursuant to and in accordance with Condition 10(e) or 10(f)) or to change the quorum requirements relating to meetings or the majority required to pass an Extraordinary Resolution (each, a "**Reserved Matter**"), the necessary quorum for passing an Extraordinary Resolution will be one or more persons present holding or representing not less than two-thirds, or at any adjourned meeting not less than one-third, of the aggregate principal amount of the Notes for the time being outstanding. An Extraordinary Resolution passed at any meeting of the Noteholders will be binding on all Noteholders, whether or not they are present at the meeting and whether or not they voted on the resolution.

In addition, a resolution in writing signed by or on behalf of the holders of at least 75 per cent. in aggregate principal amount of the outstanding Notes who for the time being are entitled to receive notice of a meeting of Noteholders under the Trust Deed will take effect as if it were an Extraordinary Resolution. Such a resolution in writing may be contained in one document or several documents in the same form, each signed by or on behalf of one or more Noteholders.

(b) *Modification, authorisation, waiver*

Except where the Trustee is bound pursuant to Conditions 10(e)(i) and 10(f) to give effect to the amendments described therein, the Trustee may agree (other than in respect of a Reserved Matter), without the consent of the Noteholders, to any modification of, or to the waiver or authorisation of any breach or proposed breach of, any of these Conditions or any of the provisions of the Trust Deed or the Agency Agreement (provided that, in any such case, it is not, in the opinion of the Trustee, materially prejudicial to the interests of the Noteholders) or may agree, without any such consent as aforesaid and irrespective of whether the same constitutes a Reserved Matter, to any modification which, in its opinion, is of a formal, minor or technical nature or is to correct a manifest error.

In addition, the Trustee shall be obliged to consent to such modifications to the Trust Deed, the Agency Agreement and these Conditions as may be required in order to give effect to Condition 6(h) (*Benchmark Replacement*) in connection with implementing any Alternative Reference Rate, Successor Rate, Adjustment Spread or related changes referred to in Condition 6(h) (*Benchmark Replacement*) without the requirement for the consent or sanction of the Noteholders. Such consent shall be subject to the receipt by the Trustee of a certificate from the Issuer certifying that the proposed modifications to the Trust Deed, the Agency Agreement and these Conditions are required in order to give effect to Condition 6(h) (*Benchmark Replacement*), and the Trustee shall be entitled to rely on such certificate without further enquiry and without liability to any person.

(c) *Supervisory Permission*

These Conditions shall only be capable of modification or waiver, if the Issuer has obtained the relevant Supervisory Permission or if the Issuer has notified the Competent Authority of such modification or waiver, to the extent then required under the prevailing Regulatory Capital Requirements.

(d) *Trustee to have regard to interests of Noteholders as a class*

In connection with the exercise by it of any of its trusts, powers, authorities and discretions (including, without limitation, any modification, waiver, authorisation or substitution), the Trustee shall have regard to the general interests of the Noteholders as a class but shall not have regard to any interests arising from circumstances particular to individual Noteholders (whatever their number) and, in particular but without limitation, shall not have regard to the consequences of any such exercise for individual Noteholders (whatever their number) resulting from their being for any purpose domiciled or resident in, or otherwise connected with, or subject to the jurisdiction of, any particular territory or any political sub-division thereof and the Trustee shall not be entitled to require, nor shall any Noteholder be entitled to claim, from the Issuer, the Trustee or any other person any indemnification or payment in respect of any tax consequence of any such exercise upon individual Noteholders except to the extent already provided for in Condition 9 and/or any undertaking given in addition to, or in substitution for, Condition 9 pursuant to the Trust Deed.

(e) *Notification to the Noteholders*

Any modification, abrogation, waiver or authorisation referred to in this Condition 16 shall be binding on the Noteholders and, unless the Trustee agrees otherwise, notified by the Issuer to the Noteholders as soon as practicable thereafter in accordance with Condition 15.

17. Rights Of The Trustee

(a) *Indemnification and protection of the Trustee*

The Trust Deed contains provisions for the indemnification of the Trustee and for its relief from responsibility and liability towards the Issuer and the Noteholders, including (i) provisions relieving it from taking action unless indemnified and/or secured and/or pre-funded to its satisfaction and (ii) provisions limiting or excluding its liability in certain circumstances. The Trust Deed provides that, when determining whether an indemnity or any security or pre-funding is satisfactory to it, the Trustee shall be entitled (i) to evaluate its risk in any given circumstance by considering the worst-case scenario and (ii) to require that any indemnity or security given to it by the Noteholders or any of them be given on a joint and several basis and be supported by evidence satisfactory to it as to the financial standing and creditworthiness of each counterparty and/or as to the value of the security and an opinion as to the capacity, power and authority of each counterparty and/or the validity and effectiveness of the security.

(b) *Trustee Contracting with the Issuer*

The Trust Deed also contains provisions pursuant to which the Trustee is entitled, inter alia, (a) to enter into business transactions with the Issuer and/or any of the Issuer's Subsidiaries and to act as trustee for the holders of any other securities issued or guaranteed by, or relating to, the Issuer and/or any of the Issuer's Subsidiaries, (b) to exercise and enforce its rights, comply with its obligations and perform its duties under or in relation to any such transactions or, as the case may be, any such trusteeship without regard to the interests of, or consequences for, the Noteholders, and (c) to retain and not be liable to account for any profit made or any other amount or benefit received thereby or in connection therewith.

(c) *Reliance by Trustee on reports, confirmations, certificates and advice*

The Trustee may rely without liability to Noteholders on a report, confirmation or certificate or any advice of any accountants, financial advisers, financial institutions or any other expert, whether or not addressed to it and whether their liability in relation thereto is limited (by its terms or by any engagement letter relating thereto entered into by the Trustee or in any other manner) by reference to a monetary cap, methodology or otherwise. The Trustee may accept and shall be entitled to rely on any such report, confirmation or certificate or advice in which event such report, confirmation or certificate or advice shall be binding on the Issuer, the Trustee and the Noteholders.

(d) *Mandatory modifications*

When implementing any modification pursuant to Condition 10(e)(i), the Trustee shall not consider the interests of the Noteholders or any other person. The Trustee shall not be liable to the Noteholders or any other person for so acting or for any losses incurred by any person by reason thereof, irrespective of whether any such modification is or may be materially prejudicial to the interests of any such person and/or is or may be a Reserved Matter.

(e) *Trustee's remuneration, liability etc*

The provisions of Conditions 4 and 5 apply only to the principal and interest and any other amounts payable in respect of the Notes and nothing in Conditions 4, 5, 7 or 13 shall affect or prejudice the payment of the costs, charges, expenses, liabilities or remuneration of the Trustee or the rights and remedies of the Trustee in respect thereof.

The Trustee shall have no responsibility for, or liability or obligations in respect of, any loss, claim or demand incurred as a result of or in connection with any non-payment of interest or other amounts by reason of Condition 4(a) or Condition 6(a), Automatic Conversion pursuant to Condition 9 or any cancellation of the Notes or write down of any claims in respect thereof following the occurrence of a Takeover Event that is not a Qualifying Takeover Event pursuant to Condition 10(e)(ii). Furthermore, the Trustee shall not be responsible or liable for any calculation or the verification of any calculation in connection with any of the foregoing.

18. **Further Issues**

The Issuer may from time to time without the consent of the Noteholders create and issue further securities having the same terms and conditions as the Notes in all respects (or in all respects except for the first payment of interest, if any, on them and/or the issue price thereof) so that the same shall be consolidated and form a single series with the Notes. Any further securities which are to form a single series with the Notes constituted by the Trust Deed or any supplemental deed shall be constituted by a deed supplemental to the Trust Deed. The Trust Deed contains provisions for convening a single meeting of the Noteholders and the holders of notes or bonds of other series in certain circumstances where the Trustee so decides.

19. **Governing Law And Submission To Jurisdiction**

(a) *Governing law*

The Trust Deed and the Notes and any non-contractual obligations arising out of or in connection with the Trust Deed and the Notes are governed by English law.

(b) *Jurisdiction of English courts*

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

20. **Rights Of Third Parties**

No rights are conferred on any person under the Contracts (Rights of Third Parties) Act 1999 to enforce any term or condition of the Notes, but this does not affect any right or remedy of any person which exists or is available apart from that Act.

21. **Definitions**

(a) *Definitions*

In these Conditions:

"5-year Mid-Swap Rate" has the meaning given to it in Condition 6(d)(ii).

"5-year Mid-Swap Rate (LIBOR)" means, in relation to a Reset Period and the Reset Determination Date in relation to such Reset Period:

- (i) the semi-annual mid-swap rate with a term of five years which appears on the Screen Page as at 11:00 a.m. (London time) on such Reset Determination Date; or

- (ii) if such rate does not appear on the Screen Page at such time on such Reset Determination Date, the Reset Reference Bank Rate on such Reset Determination Date;

"5-year Mid-Swap Rate (SONIA)" means, in relation to a Reset Period and the Reset Determination Date in relation to such Reset Period:

- (i) the annual sterling mid-market swap rate with a term of five years where the floating leg pays daily compounded SONIA annually, which is calculated and published by ICE Benchmark Administration Limited (or any other person which takes over the administration of that rate), appearing on Bloomberg screen page BPISDS05 Index (or any successor or replacement page, section or other part of a particular information service, including, without limitation, Bloomberg) (the **"Relevant Screen Page (SONIA)"**) at approximately 11.15 a.m. (London time) on the relevant Reset Determination Date, as determined by the Agent Bank which annual rate shall be converted by the Agent Bank to a semi-annual rate in accordance with the instructions of the Issuer; or
- (ii) if such swap rate does not appear on the Relevant Screen Page (SONIA) at such time on such Reset Determination Date (in circumstances other than those in which Condition 6(h) (Benchmark Replacement) applies), the Reset Reference Bank Rate (SONIA) on such Reset Determination Date.

"5-year Mid-Swap Rate Quotations (LIBOR)" means the arithmetic mean of the bid and ask rates for the semi-annual fixed leg (calculated on an Actual/365 (Fixed) day count basis) of a fixed-for-floating Sterling interest rate swap which:

- (i) has a term of five years commencing on the relevant Reset Date;
- (ii) is in an amount that is representative of a single transaction in the relevant market at the relevant time (a **"Representative Amount"**) with an acknowledged dealer of good credit in the swap market; and
- (ii) has a floating leg (calculated on an Actual/365 (Fixed) day count basis) based on the rates at which deposits in sterling are offered by the Reset Reference Banks to prime banks in the London interbank market for a six month period commencing on the relevant Reset Date in a Representative Amount;

"5-year Mid-Swap Rate Quotations (SONIA)" means the arithmetic mean of the bid and offered rates for the annual fixed leg (calculated on an Actual/365 (Fixed) day count basis) of a fixed-for-floating sterling interest rate swap transaction which: (i) has a term of five years commencing on the applicable Reset Date; (ii) is in an amount that is representative of a single transaction in the relevant market at the relevant time with an acknowledged dealer of good credit in the swap market; and (iii) has a floating leg based on the overnight SONIA rate compounded for 12-months (calculated on an Actual/365 (Fixed) day count basis), subject to Condition 6(h) (*Benchmark Replacement*).

"Accrued Interest" means, with respect to a date fixed for redemption in accordance with Condition 8, any interest accrued but unpaid on the Notes from (and including) the Interest Payment Date most recently preceding such date fixed for redemption to (but excluding) such date fixed for redemption and which is unpaid, but excluding any interest which has been cancelled in accordance with Condition 4(a), Condition 6(a) or Condition 9.

"Acquirer" means the person that controls the Issuer following a Takeover Event. For the purposes of this definition, "control" means the acquisition or holding of legal or beneficial ownership of more than 50 per cent. of the votes which may ordinarily be cast on a poll at a general meeting of the Issuer or the right to appoint or remove a majority of the board of directors of the Issuer.

"Additional Amounts" has the meaning given to it in Condition 11(a).

"Additional Tier 1 Capital" has the meaning given to it (or any successor term) from time to time in the Regulatory Capital Requirements.

"Adjustment Rate" means, subject as provided below, the adjustment rate that is to apply in respect of any Reset Date if an Index Cessation Event in respect of six-month sterling LIBOR has occurred on or before the relevant Reset Determination Date, being the rate specified on Bloomberg screen page "SBP0006M Index", or any successor page, as calculated by Bloomberg Index Services Limited (or a successor provider as approved and/or appointed by ISDA from time to time) in relation to Sterling LIBOR in such tenor on the date such Index Cessation Event occurs, provided that if, in relation to any Reset Date (i) the 5-year Mid-Swap Rate is 5-year Mid-Swap Rate (SONIA) and (ii) no Five-year Mid-Swap Rate Quotations (SONIA) are provided on the relevant Reset Determination Date, where applicable, and therefore the Reset Reference Bank Rate (SONIA) is either (a) 1.75 per cent. per annum or (b) the 5-year Mid-Swap Rate in respect of the immediately preceding Reset Date is 5-year Mid-Swap Rate (LIBOR), then the Adjustment Rate in respect of such Reset Date only shall be deemed to be 0 per cent.

"Agency Agreement" has the meaning given to it in the preamble to these Conditions.

"Agent" means the Registrar, the Agent Bank and each of the other agents appointed pursuant to the Agency Agreement.

"Agent Bank" means Citibank N.A., London branch and any successor agent bank appointed from time to time in connection with the Notes.

"Approved Entity" means a body corporate which, on the occurrence of the Takeover Event, has in issue Approved Entity Shares.

"Approved Entity Shares" means ordinary shares in the capital of a body corporate that constitutes equity share capital or the equivalent (or depository or other receipts representing the same) which are listed and admitted to trading on a Recognised Stock Exchange.

"**Assets**" means the unconsolidated gross assets of the Issuer, as shown in its latest published audited balance sheet, but adjusted for subsequent events in such manner as the directors of the Issuer may determine.

"**Authorised Denomination**" has the meaning given to it in Condition 1.

"**Authorised Signatory**" has the meaning given to it in the Trust Deed.

"**Automatic Conversion**" means the irrevocable and automatic release of all of the Issuer's obligations under the Notes in consideration of the Issuer's issuance of the Conversion Shares at the Conversion Price to the Conversion Shares Depository (on behalf of the Holders) or to the relevant recipient, in accordance with these Conditions and "**convert**" and "**converted**" shall be construed accordingly.

"**Automatic Conversion Notice**" means the written notice to be delivered by the Issuer to the Trustee directly and to the Holders in accordance with Condition 15 specifying (i) that a Trigger Event has occurred, (ii) the Conversion Date or expected Conversion Date, (iii) the Conversion Price, (iv) that the Issuer has the option, at its sole and absolute discretion, to elect that a Conversion Shares Offer be conducted and that the Issuer will issue a Conversion Shares Offer Notice in accordance with Condition 15 within 10 Business Days following the Conversion Date notifying Holders of the Issuer's election and (v) that the Notes shall remain in existence for the sole purpose of evidencing the Holder's right to receive Conversion Shares or Conversion Shares Offer Consideration, as applicable, from the Conversion Shares Depository, and that the Notes may continue to be transferable until the Suspension Date, which shall be specified in the Conversion Shares Offer Notice.

"**Business Day**" means a day which is a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in London.

"**Calculation Amount**" means £1,000 in principal amount of Notes.

"**Cancellation Date**" means (i) with respect to any Note for which a Conversion Shares Settlement Notice is received by the Conversion Shares Depository on or before the Notice Cut-off Date, the applicable Settlement Date and (ii) with respect to any Note for which a Conversion Shares Settlement Notice is not received by the Conversion Shares Depository on or before the Notice Cut-off Date, the Final Cancellation Date.

"**Capital Regulations**" means, at any time, the laws, regulations, requirements, standards, guidelines and policies relating to capital adequacy and/or minimum requirement for own funds and eligible liabilities and/or loss absorbing capacity for credit institutions of either (A) the Competent Authority and/or (B) any other national or European authority, in each case then in effect in the United Kingdom (or in such other jurisdiction in which the Issuer may be organised or domiciled) and applicable to the Group.

"Cash Dividend" means any dividend or distribution in respect of the ordinary shares to shareholders of the Issuer which is to be paid or made in cash (in whatever currency), and however described and whether payable out of share premium account, profits, retained earnings or any other capital or revenue reserve or account, and including a distribution or payment to shareholders upon or in connection with a reduction of capital.

"Certificate" has the meaning given to it in Condition 1.

"Clearing Systems" means Clearstream Banking, S.A. and Euroclear Bank S.A./N.V.

"Code" has the meaning given to it in Condition 11.

"Common Equity Tier 1" means, at any time, the sum, expressed in pounds sterling, of all amounts that constitute common equity tier 1 capital of the Group at such time, less any deductions from common equity tier 1 capital of the Group required to be made at such time, in each case as calculated by the Issuer on a consolidated basis, in accordance with the then prevailing Regulatory Capital Requirements applicable to the Group at such time, but without applying the transitional provisions set out in Part Ten of the CRD IV Regulation (which calculation shall be binding on the Trustee and the Holders). For the purposes of this definition, the term "common equity tier 1 capital" shall have the meaning assigned to such term (or any successor term) in CRD IV as interpreted and applied in accordance with the Regulatory Capital Requirements then applicable to the Group.

"Common Equity Tier 1 Capital Ratio" means, at any time, the ratio of Common Equity Tier 1 of the Group at such time to the Risk Weighted Assets of the Group at such time, expressed as a percentage and on the basis that all measures used in such calculation shall be calculated without applying the transitional provisions set out in Part Ten of the CRD IV Regulation.

"Companies Act" means the Companies Act 2006.

"Competent Authority" means the United Kingdom Prudential Regulation Authority or any successor or replacement thereto or such other authority in the United Kingdom (or if the Issuer becomes domiciled in a jurisdiction other than the United Kingdom, such other jurisdiction) having primary responsibility for the prudential oversight and supervision of the Issuer and/or the Group.

"Conditions" means these terms and conditions of the Notes, as amended from time to time.

"Conversion Date" means the date on which the Automatic Conversion shall take place, or has taken place, as applicable.

"Conversion Price" means £1.19 per Conversion Share, subject to adjustment in accordance with Condition 10.

"Conversion Shares" means the ordinary shares of the Issuer currently with a nominal value of £1.25 each to be issued to the Conversion Shares Depositary

(or to the relevant recipient in accordance with these Conditions) following an Automatic Conversion, which ordinary shares shall be in such number as is determined by dividing the aggregate principal amount of the Notes outstanding immediately prior to the Automatic Conversion on the Conversion Date by the Conversion Price on the Conversion Date rounded down, if necessary, to the nearest whole number of ordinary shares.

"Conversion Shares Depositary" means a financial institution, trust company, depositary entity, nominee entity or similar entity (which in each such case is wholly independent of the Issuer) to be appointed by the Issuer on or prior to any date when a function ascribed to the Conversion Shares Depositary in these Conditions is required to be performed, to perform such functions and which as a condition of such appointment, will be required to undertake, for the benefit of the Holders, to hold the Conversion Shares (and any Conversion Shares Offer Consideration) on behalf of such Holders in one or more segregated accounts unless otherwise required for the purposes of the Conversion Shares Offer and, in any event, on terms consistent with these Conditions.

"Conversion Shares Offer" has the meaning given to it in Condition 9(d).

"Conversion Shares Offer Agent" means the agent(s), if any, to be appointed on behalf of the Conversion Shares Depositary by the Issuer, in its sole and absolute discretion, to act as placement or other agent of the Conversion Shares Depositary to facilitate a Conversion Shares Offer.

"Conversion Shares Offer Consideration" means in respect of each Note (i) if all of the Conversion Shares are sold in the Conversion Shares Offer, the *pro rata* share of the cash proceeds from the sale of the Conversion Shares attributable to such Note, (ii) if some but not all of the Conversion Shares are sold in the Conversion Shares Offer, (x) the *pro rata* share of the cash proceeds from the sale of the Conversion Shares attributable to such Note and (y) the *pro rata* share of the Conversion Shares not sold pursuant to the Conversion Shares Offer attributable to such Note rounded down to the nearest whole number of Conversion Shares, and (iii) if no Conversion Shares are sold in a Conversion Shares Offer, the relevant Conversion Shares attributable to such Note rounded down to the nearest whole number of Conversion Shares, subject in the case of (i) and (ii)(x) above to deduction from any such cash proceeds of an amount equal to the *pro rata* share of any stamp duty, stamp duty reserve tax, or any other capital, issue, transfer, registration, financial transaction or documentary tax that may arise or be paid as a consequence of the transfer of any interest in the Conversion Shares to the Conversion Shares Depositary as a consequence of the Conversion Shares Offer.

"Conversion Shares Offer Notice" means the written notice to be delivered by the Issuer to the Trustee directly and to the Holders in accordance with Condition 15 specifying (i) whether or not the Issuer has elected that a Conversion Shares Offer be made and, if so, the Conversion Shares Offer Period, (ii) the Suspension Date and (iii) details of the Conversion Shares Depositary or, if the Issuer has been unable to appoint a Conversion Shares Depositary, such other arrangements for the issuance and/or delivery of the Conversion

Shares or the Conversion Shares Offer Consideration, as applicable, to the Holders as it shall consider reasonable in the circumstances.

"Conversion Shares Offer Period" means the period during which the Conversion Shares Offer may occur, which period shall end no later than 40 Business Days after the delivery of the Conversion Shares Offer Notice.

"Conversion Shares Settlement Notice" means a written notice to be delivered by a Holder to the Conversion Shares Depository (or to the relevant recipient in accordance with these Conditions), with a copy to the Trustee, no earlier than the Suspension Date containing the following information: (i) the name of the Holder, (ii) the aggregate amount of the Authorised Denomination of the Notes held by such Holder on the date of such notice, (iii) the name to be entered in the Issuer's share register, (iv) the details of the CREST or other clearing system account or, if the Conversion Shares are not a participating security in CREST or another clearing system, the address to which the Conversion Shares (or the Conversion Share component, if any, of any Conversion Shares Offer Consideration) and/or cash (if not expected to be delivered through the Clearing Systems) should be delivered and (v) such other details as may be required by the Conversion Shares Depository.

"Conversion Shares Settlement Request Notice" means the written notice to be delivered by the Issuer to the Trustee directly and to the Holders in accordance with Condition 15 on the Suspension Date requesting that Holders complete a Conversion Shares Settlement Notice and specifying (i) the Notice Cut-off Date and (ii) the Final Cancellation Date.

"CRD IV Directive" means Directive (2013/36/EU) of the European Parliament and of the Council on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms dated 26 June 2013, as amended or replaced from time to time.

"CRD IV Regulation" means Regulation (EU) No 575/2013 of the European Parliament and of the Council on prudential requirements for credit institutions and investment firms dated 26 June 2013, as amended or replaced from time to time.

"Current Market Price" means, in respect of an ordinary share at a particular date, the average of the daily Volume Weighted Average Price of an ordinary share on each of the five consecutive dealing days ending on the dealing day immediately preceding such date; provided that, if at any time during the said five-dealing-day period the Volume Weighted Average Price shall have been based on a price ex-Cash Dividend (or ex- any other entitlement) and during some other part of that period the Volume Weighted Average Price shall have been based on a price cum-Cash Dividend (or cum- any other entitlement), then:

- (i) if the ordinary shares to be issued do not rank for the Cash Dividend (or entitlement) in question, the Volume Weighted Average Price on the dates on which the ordinary shares shall have been based on a price cum-Cash Dividend (or cum- any other entitlement) shall, for the purposes of this definition, be deemed to be the amount thereof reduced by an

amount equal to such Cash Dividend or entitlement per ordinary share as at the date of first public announcement relating to such Cash Dividend or entitlement, in any such case, determined on a gross basis and disregarding any withholding or deduction required to be made on account of tax, and disregarding any associated tax credit; or

- (ii) if the ordinary shares to be issued do rank for the Cash Dividend (or entitlement) in question, the Volume Weighted Average Price on the dates on which the ordinary shares shall have been based on a price ex-Cash Dividend (or ex- any other entitlement) shall, for the purposes of this definition, be deemed to be the amount thereof increased by an amount equal to such Cash Dividend or entitlement per ordinary share as at the date of first public announcement relating to such Cash Dividend or entitlement, in any such case, determined on a gross basis and disregarding any withholding or deduction required to be made on account of tax, and disregarding any associated tax credit,

and provided further that, if on each of the said five dealing days the Volume Weighted Average Price shall have been based on a price cum-Cash Dividend (or cum- any other entitlement) in respect of a Cash Dividend (or other entitlement) which has been declared or announced but the ordinary shares to be issued do not rank for that Cash Dividend (or other entitlement), the Volume Weighted Average Price on each of such dates shall, for the purposes of this definition, be deemed to be the amount thereof reduced by an amount equal to such Cash Dividend or entitlement per ordinary share as at the date of first public announcement relating to such Cash Dividend or entitlement, in any such case, determined on a gross basis and disregarding any withholding or deduction required to be made on account of tax, and disregarding any associated tax credit,

and provided further that, if the Volume Weighted Average Price of an ordinary share is not available on one or more of the said five dealing days (disregarding for this purpose the proviso to the definition of Volume Weighted Average Price), then the average of such Volume Weighted Average Prices which are available in that five-dealing-day period shall be used (subject to a minimum of two such prices) and if only one, or no, such Volume Weighted Average Price is available in the relevant period, the Current Market Price shall be determined in good faith by an Independent Financial Adviser.

"Day-Count Fraction" has the meaning given to it in Condition 6(d)(ii).

"dealing day" means a day on which the Relevant Stock Exchange or relevant stock exchange or securities market is open for business and on which ordinary shares may be dealt in (other than a day on which the Relevant Stock Exchange or relevant stock exchange or securities market is scheduled to or does close prior to its regular weekday closing time).

"Dispute" has the meaning given to it in Condition 19(b).

"Distributable Items" means, to the extent such definition is not amended or otherwise modified in the Regulatory Capital Requirements after the Issue Date

(in which case such amended or modified definition shall apply), in relation to an Interest Amount (or part thereof):

- (i) the amount of the profits of the Issuer as at the end of the financial year immediately preceding the relevant Interest Payment Date plus any profits brought forward and reserves available for that purpose before distributions to holders of other own funds instruments of the Issuer (other than Tier 2 Capital instruments); less
- (ii) any losses brought forward, profits which are non-distributable pursuant to provisions in legislation or the Issuer's articles of association and sums placed to non-distributable reserves in accordance with the Companies Act or the articles of association of the Issuer,

those profits, losses and reserves being determined on the basis of the individual accounts of the Issuer and not on the basis of its consolidated accounts.

"EEA Regulated Market" means a market as defined by Article 4.1(14) of Directive 2004/39/EC of the European Parliament and of the Council on markets on financial instruments, as the same may be amended from time to time.

"Effective Date" means, for the purposes of Condition 10(a)(iii), the first date on which the ordinary shares are traded ex-rights, on the Relevant Stock Exchange and, for the purposes of Condition 10(a)(iv), the first date on which the ordinary shares are traded ex-the relevant Cash Dividend on the Relevant Stock Exchange.

"Exempt Newco Scheme" means a Newco Scheme where, immediately after completion of the relevant Scheme of Arrangement, the ordinary shares or units or equivalent of Newco (or depositary or other receipts or certificates representing ordinary shares or units or equivalent of Newco) are (i) admitted to trading on the Relevant Stock Exchange or (ii) admitted to listing on such other Recognised Stock Exchange as the Issuer or Newco may determine.

"Existing Shareholders" has the meaning given to it in the definition of Newco Scheme.

"Extraordinary Dividend" means any Cash Dividend that is expressly declared by the Issuer to be a capital distribution, extraordinary dividend, extraordinary distribution, special dividend, special distribution or return of value to shareholders as a class or any analogous or similar term, in which case the Extraordinary Dividend shall be such Cash Dividend.

"Extraordinary Resolution" has the meaning given to it in the Trust Deed.

"FATCA Withholding Tax" has the meaning given to it in Condition 11(a).

"Final Cancellation Date" means the date on which the Notes in relation to which no Conversion Shares Settlement Notice has been received by the Conversion Shares Depositary on or before the Notice Cut-off Date shall be

cancelled, which date may be up to 12 Business Days following the Notice Cut-off Date.

"First Reset Date" has the meaning given to it in Condition 6(b).

"Governmental Entity" means (i) the United Kingdom Government, (ii) an agency of the United Kingdom Government or (iii) a person or entity (other than a body corporate) controlled by the United Kingdom Government or any such agency referred to in (ii). If the Issuer is then organised in another jurisdiction, the references to "United Kingdom Government" shall be read as references to the government of such other jurisdiction.

"Group" means the Issuer and each entity which is part of the UK prudential consolidation group (as that term, or its successor, is used in the Regulatory Capital Requirements) of which the Issuer is part from time to time.

"Independent Financial Adviser" means an independent financial institution of international repute appointed by the Issuer at its own expense.

"Index Cessation Event" means an Index Cessation Event as defined in Supplement number 70 to the 2006 ISDA Definitions, as amended or supplemented from time to time, and, for the purposes of these Conditions and the definition of "Index Cessation Event" therein, the "Applicable Rate" as used therein is six-month Sterling LIBOR.

"Initial Interest Rate" has the meaning given to it in Condition 6(b)(i).

"Interest Amount" means the amount of interest payable on each Note on an Interest Payment Date, subject to Condition 6.

"Interest Payment Date" has the meaning given to it in Condition 6(b).

"Interest Period" has the meaning given to it in Condition 6(b).

"Interest Rate" means the Initial Interest Rate and/or the applicable Reset Interest Rate, as the case may be.

"Issue Date" means 8 February 2016.

"Issuer" has the meaning given to it in the preamble to these Conditions.

"Liabilities" means the unconsolidated gross liabilities of the Issuer, as shown in its latest published audited balance sheet, but adjusted for contingent and prospective liabilities and for subsequent events in such manner as the directors of the Issuer may determine.

"LIBOR" means London Inter Bank Offered Rate.

"LSE" means the London Stock Exchange plc.

"Margin" has the meaning given to it in Condition 6(d)(ii).

The "**New Conversion Condition**" shall be satisfied if (a) by not later than seven Business Days following the completion of a Takeover Event where the Acquirer is an Approved Entity, there shall be arrangements in place with the Trustee for the benefit of the Holders for the Approved Entity to provide for issuance of Approved Entity Shares following an Automatic Conversion of the Notes on terms *mutatis mutandis* identical to Condition 9(a) and 9(b) and (b) the Issuer, in its sole and absolute discretion has determined that such arrangements are in the best interest of the Issuer and its shareholders taken as a whole having regard to the interests of its stakeholders (including, but not limited to, the Holders) and are consistent with applicable law and regulation (including, but not limited to, the guidance of any applicable regulatory body).

"**New Conversion Price**" means the amount determined in accordance with the following formula, which shall apply from the QTE Effective Date:

$$\text{NCP} = \text{ECP} * (\text{VWAPAES} / \text{VWAPOS})$$

where:

"**NCP**" is the New Conversion Price.

"**ECP**" is the Conversion Price in effect on the dealing day immediately prior to the QTE Effective Date.

"**VWAPAES**" means the average of the Volume Weighted Average Price of the Approved Entity Shares (translated, if necessary, into sterling at the Prevailing Rate on the relevant dealing day) on each of the five dealing days ending on the dealing day prior to the closing date of the Takeover Event (and where references in the definition of "Volume Weighted Average Price" to "ordinary share" shall be construed as a reference to the Approved Entity Shares and in the definition of "dealing day," references to the "Relevant Stock Exchange" shall be to the relevant Recognised Stock Exchange on which the Approved Entity Shares are then listed, admitted to trading or quoted or accepted for dealing).

"**VWAPOS**" is the average of the Volume Weighted Average Price of the ordinary shares (translated, if necessary, into sterling at the Prevailing Rate on the relevant dealing day) on each of the five dealing days ending on the dealing day immediately prior to the closing date of the Takeover Event.

"**Newco**" has the meaning given to it in the definition of Newco Scheme.

"**Newco Scheme**" means a scheme of arrangement or analogous proceeding ("**Scheme of Arrangement**") which effects the interposition of a limited liability company ("**Newco**") between the shareholders of the Issuer immediately prior to the Scheme of Arrangement (the "**Existing Shareholders**") and the Issuer; provided that: (i) only ordinary shares or units or equivalent of Newco or depositary or other receipts or certificates representing ordinary shares or units or equivalent of Newco are issued to Existing Shareholders; (ii)

immediately after completion of the Scheme of Arrangement the only holders of ordinary shares, units or equivalent of Newco or, as the case may be, the only holders of depositary or other receipts or certificates representing ordinary shares or units or equivalent of Newco, are Existing Shareholders holding in the same proportions as immediately prior to completion of the Scheme of Arrangement; (iii) immediately after completion of the Scheme of Arrangement, Newco is (or one or more wholly-owned Subsidiaries of Newco are) the only shareholder of the Issuer; (iv) all Subsidiaries of the Issuer immediately prior to the Scheme of Arrangement (other than Newco, if Newco is then a Subsidiary of the Issuer) are Subsidiaries of the Issuer (or of Newco) immediately after completion of the Scheme of Arrangement; and (v) immediately after completion of the Scheme of Arrangement the Issuer (or Newco) holds, directly or indirectly, the same percentage of the ordinary share capital and equity share capital of those Subsidiaries as was held by the Issuer immediately prior to the Scheme of Arrangement.

"**Notes**" has the meaning given to it in the preamble to these Conditions.

"**Noteholder**" or "**Holder**" has the meaning given to it in Condition 1.

"**Notice Cut-off Date**" means the date specified as such in the Conversion Shares Settlement Request Notice, which date shall be at least 40 Business Days following the Suspension Date.

"**Notional Preference Share**" has the meaning given to it in Condition 5(a).

"**ordinary shares**" means (a) prior to the QTE Effective Date, fully paid ordinary shares in the capital of the Issuer currently with a nominal value of £1.25 each and (b) on and after the QTE Effective Date, the relevant Approved Entity Shares.

"**own funds**" has the meaning given to it (or any successor term) from time to time in the Regulatory Capital Requirements.

"**own funds instruments**" has the meaning given to it (or any successor term) from time to time in the Regulatory Capital Requirements.

"**Parity Obligations**" means any obligations of the Issuer (including any guarantee or other support obligations) which rank, or are expressed to rank, *pari passu* with the Issuer's obligations in respect of the Notes on a winding-up of the Issuer prior to a Trigger Event (and, for the avoidance of doubt, shall include any other Additional Tier 1 Capital securities of the Issuer (if any) from time to time outstanding).

"**Paying Agent**" means each entity appointed as a paying agent from time to time pursuant to the Agency Agreement.

"**payment business day**" has the meaning given to it in Condition 7(d).

a "**person**" includes any individual, company, corporation, firm, partnership, joint venture, undertaking, association, organisation, trust, state or agency of a

state (in each case whether or not being a separate legal entity) or other legal entity.

"Performance Obligation" has the meaning given to it in Condition 13(b).

"Prevailing Rate" means, in respect of any currencies on any day, the spot rate of exchange between the relevant currencies prevailing as at or about 12:00 noon, London time, on that date as appearing on or derived from the relevant page on Bloomberg (or such other information service provider that displays the relevant information) or, if such a rate cannot be determined at such time, the rate prevailing as at or about 12:00 noon, London time, on the immediately preceding day on which such rate can be so determined or, if such rate cannot be so determined by reference to the relevant page on Bloomberg (or such other information service provider that displays the relevant information), the rate determined in such other manner as an Independent Financial Adviser shall in good faith prescribe.

"Principal Paying Agent" means Citibank N.A., London branch and any successor principal paying agent appointed from time to time in connection with the Notes.

"QTE Effective Date" means the date with effect from which the New Conversion Condition shall have been satisfied.

"Qualifying Takeover Event" means a Takeover Event where: (i) the Acquirer is an Approved Entity; and (ii) the New Conversion Condition is satisfied.

"Recognised Stock Exchange" means an EEA Regulated Market or another regulated, regularly operating, recognised stock exchange or securities market in an OECD member state.

"Record Date" has the meaning given to it in Condition 7(f).

"Register" has the meaning given to it in Condition 1.

"Registrar" means Citigroup Global Markets Deutschland AG or such other registrar appointed by the Issuer from time to time in respect of the Notes in accordance with these Conditions.

"Regulatory Capital Requirements" means any requirements contained in the laws, regulations, requirements, standards, guidelines and policies of the Competent Authority, any other national and/or European authority, then in effect in the United Kingdom (or in such other jurisdiction in which the Issuer may be incorporated or domiciled) relating to capital adequacy and applicable to the Issuer and/or the Group including, as at the date hereof, the CRD IV Directive, the CRD IV Regulation and related technical standards.

"Regulatory Event" has the meaning given to it in Condition 8(c).

"Regulatory Preconditions" means, in relation to any redemption of the Notes, to the extent required by prevailing Regulatory Capital Requirements:

- (i)
 - (A) the Group having replaced the Notes with own funds instruments of equal or higher quality at terms that are sustainable for the income capacity of the Group; or
 - (B) the Issuer having demonstrated to the satisfaction of the Competent Authority that the own funds of the Group would, following such redemption, exceed its minimum capital requirements (including any capital buffer requirements) by a margin that the Competent Authority considers necessary at such time; and
- (ii) in the case of a redemption pursuant to Condition 6(c) or 6(d) occurring prior to the fifth anniversary of the Issue Date only:
 - (A) in the case of a redemption due to the occurrence of a Regulatory Event, the Competent Authority considering such change to be sufficiently certain and the Issuer having demonstrated to the satisfaction of the Competent Authority that such Regulatory Event was not reasonably foreseeable as at the Issue Date; or
 - (B) in the case of a redemption due to the occurrence of a Tax Event, the Issuer having demonstrated to the satisfaction of the Competent Authority that such Tax Event is material and was not reasonably foreseeable as at the Issue Date,

provided that if, at the time of such redemption, the prevailing Regulatory Capital Requirements permit the redemption after compliance with one or more alternative or additional pre-conditions to those set out in paragraphs (i) and (ii) of this definition, the Issuer having complied with such other pre-condition(s).

The granting of Supervisory Permission in respect of such redemption shall be treated (without liability) by the Issuer, the Trustee, the Holders and all other interested parties as conclusive and sufficient evidence of the satisfaction of these pre-conditions.

"Relevant Currency" means sterling or, if at the relevant time or for the purposes of the relevant calculation or determination the LSE is not the Relevant Stock Exchange, the currency in which the ordinary shares are quoted or dealt in on the Relevant Stock Exchange at such time.

"Relevant Date" means (A) in respect of any payment other than a sum to be paid by the Issuer in a Winding-Up of the Issuer, whichever is the later of: (1) the date on which the payment in question first becomes due; and (2) if the full amount payable has not been received by the Registrar or another Agent or the Trustee on or prior to such due date, the date on which (the full amount having been so received) notice to that effect has been given to the Noteholders and (B)

in respect of a sum to be paid by the Issuer in a Winding-Up of the Issuer, the date which is one day prior to the date on which an order is made or a resolution is passed for the winding-up (or, in the case of an administration, one day prior to the date on which any dividend is distributed).

"Relevant Jurisdiction" means the United Kingdom or any political subdivision or any authority thereof or therein having power to tax or any other jurisdiction or any political subdivision or any authority thereof or therein having power to tax to which the Issuer becomes subject in respect of payments made by it of principal and Interest Amounts on the Notes.

"Relevant Stock Exchange" means the LSE or, if at the relevant time the ordinary shares are not at that time listed and admitted to trading on the LSE, the principal stock exchange or securities market on which the ordinary shares are then listed, admitted to trading or quoted or accepted for dealing.

"Reserved Matter" has the meaning given to it in Condition 16(a).

"Reset Date" means the First Reset Date and each fifth anniversary date thereafter, commencing on 8 December 2027.

"Reset Determination Date" has the meaning given to it Condition 6(d)(ii).

"Reset Interest Rate" has the meaning given to it in Condition 6(d)(i).

"Reset Period" means the period from and including the First Reset Date to but excluding the next Reset Date, and each successive period from and including a Reset Date to but excluding the next succeeding Reset Date.

"Reset Reference Bank Rate" has the meaning given to it in Condition 6(d)(ii).

"Reset Reference Bank Rate (SONIA)" means, in relation to a Reset Date and the Reset Determination Date in relation to such Reset Date, the percentage rate determined by the Agent Bank on the basis of the Five-year Mid-Swap Rate Quotations (SONIA) provided by each of four major banks in the sterling swap rate market (which banks shall be selected by the Issuer (using all reasonable efforts and on the advice of an investment bank of international repute)) (the **"Reference Banks (SONIA)"**) at approximately 11.00 a.m. (London time) on the relevant Reset Determination Date, which annual rate shall be converted by the Agent Bank to a semi-annual rate in accordance with the instructions of the Issuer, and rounded, if necessary, to the nearest 0.001 per cent. (with 0.0005 per cent. being rounded upwards). If at least three Five-year Mid-Swap Rate Quotations (SONIA) are provided, the Reset Reference Bank Rate (SONIA) will be the arithmetic mean of such Five-year Mid-Swap Rate Quotations (SONIA), eliminating the highest quotation (or, in the event of equality, one of the highest) and the lowest quotation (or, in the event of equality, one of the lowest). If only two Five-year Mid-Swap Rate Quotations (SONIA) are provided, the Reset Reference Bank Rate (SONIA) will be the arithmetic mean of such Five-year Mid-Swap Rate Quotations (SONIA). If only one Five-year Mid-Swap Rate Quotation (SONIA) is provided, the Reset Reference Bank Rate (SONIA) will be the quotation provided. If no Five-year Mid-Swap Rate

Quotations (SONIA) are provided, the Reset Reference Bank Rate (SONIA) will be (i) in respect of the Reset Reference Bank Rate (SONIA) determined in respect of the Reset Date falling on 8 December 2022, 1.75 per cent. per annum or (ii) in respect of the Reset Reference Bank Rate (SONIA) determined in respect of any Reset Date other than 8 December 2022, the 5-year Mid-Swap Rate in respect of the immediately preceding Reset Date.

"Reset Reference Banks" has the meaning given to it in Condition 6(d)(ii).

"Risk Weighted Assets" means, at any time, the aggregate amount, expressed in pounds sterling, of the risk weighted assets of the Group at such time, as calculated by the Issuer on a consolidated basis, in accordance with the then prevailing Regulatory Capital Requirements applicable to the Group at such time (which calculation shall be binding on the Trustee and the Holders). For the purposes of this definition, the term "risk weighted assets" means the risk weighted assets or total risk exposure amount, as calculated by the Issuer, in accordance with the prevailing Regulatory Capital Requirements applicable to the Group.

"Scheme of Arrangement" has the meaning given to it in the definition of Newco Scheme.

"Screen Page" has the meaning given to it in Condition 6(d)(ii).

"Senior Creditors" means creditors of the Issuer: (a) who are unsubordinated creditors of the Issuer; (b) whose claims are, or are expressed to be, subordinated (whether only in the event of a winding-up of the Issuer or otherwise) to the claims of unsubordinated creditors of the Issuer but not further or otherwise; or (c) whose claims are, or are expressed to be, junior to the claims of other creditors of the Issuer, whether subordinated or unsubordinated, other than those whose claims rank, or are expressed to rank, *pari passu* with, or junior to, the claims of the Noteholders in a winding-up occurring prior to the Trigger Event.

"Settlement Date" means (i) with respect to any Note in relation to which a Conversion Shares Settlement Notice is received by the Conversion Shares Depositary on or before the Notice Cut-off Date, the later of (a) the date that is two Business Days after the end of the relevant Conversion Shares Offer Period and (b) the date that is two Business Days after the date on which such Conversion Shares Settlement Notice has been received by the Conversion Shares Depositary and (ii) with respect to any Note in relation to which a Conversion Shares Settlement Notice is not received by the Conversion Shares Depositary on or before the Notice Cut-off Date, the date on which the Conversion Shares Depositary delivers the relevant Conversion Shares or Conversion Share component, if any, of any Conversion Shares Offer Consideration, as applicable.

"shareholders" means the holders of ordinary shares.

"Solvency Condition" has the meaning given to it in Condition 4(a).

"£", "sterling" and "pounds sterling" are to the lawful currency for the time being of the United Kingdom.

"**Subsidiary**" has the meaning given to it in Section 1159 of the Companies Act.

"**Supervisory Permission**" means, in relation to any actions, such supervisory permission required therefor within prescribed periods from, the Competent Authority, or such waiver of the then prevailing Regulatory Capital Requirements from the Competent Authority, as is required under the then prevailing Regulatory Capital Requirements.

"**Suspension Date**" means, with respect to each Clearing System, the date specified in the Conversion Shares Offer Notice as the date on which such Clearing System shall suspend all clearance and settlement of transactions in the Notes in accordance with its rules and procedures, which date shall be no later than 38 Business Days after the delivery of the Conversion Shares Offer Notice to such Clearing System (and, if the Issuer elects that a Conversion Shares Offer be made, such date shall be at least two Business Days prior to the end of the relevant Conversion Shares Offer Period).

A "**Takeover Event**" shall occur if an offer is made to all (or as nearly as may be practicable all) shareholders (or all (or as nearly as may be practicable all) such shareholders other than the offeror and/or any associate (as defined in Section 988(1) of the Companies Act) of the offeror), to acquire all or a majority of the issued ordinary share capital of the Issuer or if any person proposes a scheme with regard to such acquisition and (such offer or scheme having become or been declared unconditional in all respects or having become effective) the right to cast more than 50 per cent. of the votes which may ordinarily be cast on a poll at a general meeting of the Issuer has or will become unconditionally vested in any person and/or any associate of that person (as defined in Section 988(1) of the Companies Act), in each case, other than in the event of a Newco Scheme.

"**Takeover Event Notice**" means the notice to the Holders in accordance with Condition 15 notifying them that a Takeover Event has occurred and specifying: (1) the identity of the Acquirer; (2) whether the Takeover Event is a Qualifying Takeover Event or not; (3) in the case of a Qualifying Takeover Event, if determined at such time, the New Conversion Price; and (4) if applicable, the QTE Effective Date.

"**Tax Event**" has the meaning given to it in Condition 8(d).

"**Taxes**" has the meaning given to it in Condition 11(a).

"**Tier 1 Capital**" has the meaning given to it (or any successor such term) from time to time in the Regulatory Capital Requirements.

"**Tier 2 Capital**" has the meaning given to it (or any successor such term) from time to time in the Regulatory Capital Requirements.

"**Transfer Agent**" means Citibank N.A., London branch.

"Trigger Event" means the Common Equity Tier 1 Capital Ratio of the Group falls below 7.00 per cent.

"Trustee" means Citicorp Trustee Company Limited or such other trustee appointed by the Issuer from time to time in respect of the Notes in accordance with the Conditions and the Trust Deed.

"Trust Deed" has the meaning given to it in the preamble to these Conditions.

"Volume Weighted Average Price" means, in respect of an ordinary share (or an Approved Entity Share, as applicable) on any dealing day, the order book volume-weighted average price of an ordinary share (or Approved Entity Share, as applicable) published by or derived from the relevant Bloomberg page or such other source as shall be determined in good faith to be appropriate by an Independent Financial Adviser on such dealing day, provided that if on any such dealing day such price is not available or cannot otherwise be determined as provided above, the Volume Weighted Average Price of an ordinary share (or an Approved Entity Share, as applicable) in respect of such dealing day shall be the Volume Weighted Average Price, determined as provided above, on the immediately preceding dealing day on which the same can be so determined or determined as an Independent Financial Adviser might otherwise determine in good faith to be appropriate.

"Winding-Up" has the meaning given to it in Condition 5(a).

"Winding-Up Event" means with respect to the Notes, if:

- (i) a court of competent jurisdiction in England (or such other jurisdiction in which the Issuer may be incorporated) makes an order for the winding-up of the Issuer which is not successfully appealed within 30 days of the making of such order, or the Issuer's shareholders adopt an effective resolution for the winding-up of the Issuer (except, in any such case, a solvent winding-up solely for the purposes of a reorganisation, reconstruction, merger or amalgamation the terms of which have previously been approved in writing by the Trustee or by an Extraordinary Resolution of Holders and do not provide that the Notes thereby become redeemable or repayable in accordance with these Conditions);
- (ii) following the appointment of an administrator of the Issuer, an administrator gives notice that it intends to declare and distribute a dividend; or
- (iii) liquidation or dissolution of the Issuer or any procedure similar to that described in paragraph (i) or (ii) of this definition is commenced in respect of the Issuer, including any bank insolvency procedure or bank administration procedure pursuant to the Banking Act 2009.

(b) *Construction of certain references*

In these Conditions, unless otherwise specified or unless the context otherwise requires:

- (i) references to Notes being "outstanding" shall be construed in accordance with the Trust Deed;
- (ii) references to any issue or offer or grant to shareholders "as a class" or "by way of rights" shall be taken to be references to an issue or offer or grant to all or substantially all shareholders, as the case may be, other than shareholders, as the case may be, to whom, by reason of the laws of any territory or requirements of any recognised regulatory body or any other stock exchange or securities market in any territory or in connection with fractional entitlements, it is determined not to make such issue or offer or grant;
- (iii) references to "ordinary share capital" has the meaning provided in Section 1119 of the Corporation Tax Act 2010 and "equity share capital" has the meaning provided in Section 548 of the Companies Act;
- (iv) references to the "issue" of Conversion Shares shall include the transfer and/or delivery of Conversion Shares by the Issuer or any of its Subsidiaries, whether newly issued and allotted or previously existing;
- (v) ordinary shares held by the Issuer or any of its Subsidiaries shall not be considered as or treated as "in issue";
- (vi) references to any act or statute or any provision of any act or statute shall be deemed also to refer to any statutory modification or re-enactment thereof or any statutory instrument, order or regulation made thereunder or under such modification or re-enactment; and
- (vii) headings and sub-headings are for ease of reference only and shall not affect the construction of these Conditions.