BASE PROSPECTUS DATED 18 March 2021

TSB Banking Group plc

(incorporated under the laws of England and Wales with registered number 08871766)

£2,000,000,000 Euro Medium Term Note Programme

and

TSB Bank plc

(incorporated under the laws of Scotland with registered number SC095237)

£2,000,000,000 Euro Medium Term Note Programme

Any notes ("**Notes**") issued pursuant to this base prospectus (the "**Base Prospectus**") under the £2,000,000,000 Euro Medium Term Note Programme of TSB Banking Group plc and the £2,000,000,000 Euro Medium Term Note Programme of TSB Bank plc (together, the "**Programme**") on or after the date of this Base Prospectus are issued subject to the provisions described herein. Under the Programme, TSB Banking Group plc (the "**Company**") and TSB Bank plc (the "**Bank**") (each an "**Issuer**" and together, the "**Issuers**"), subject to compliance with all relevant laws, regulations and directives, may from time to time issue Notes. The aggregate principal amount of Notes issued by the Company outstanding under the Programme will not at any time exceed £2,000,000,000 (or the equivalent in other currencies) (the "**Company Programme Limit**") and the aggregate principal amount of Notes issued by the Bank outstanding under the Programme will not at any time exceed £2,000,000,000 (or the equivalent in other currencies) (the "**Bank Programme Limit**"), in each case subject to increase as provided herein. Subject to the Company Programme Limit and the Bank Programme Limit, the combined aggregate principal amount of Notes outstanding under the Programme issued by both Issuers will not at any time exceed £4,000,000,000 (or the equivalent in other currencies) (the "**Combined Programme Limit**"), subject to increase as provided herein.

This Base Prospectus has been approved by the United Kingdom Financial Conduct Authority (the "**FCA**") under Part VI of the Financial Services and Markets Act 2000 ("**FSMA**") as a base prospectus issued in compliance with Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 ("**EUWA**") (the "**UK Prospectus Regulation**") for the purpose of giving information with regard to the issue of Notes issued under the Programme described in this Base Prospectus during the period of 12 months from the date of approval of this Base Prospectus. This Base Prospectus comprises a base prospectus for the purpose of Article 8 of the UK Prospectus Regulation. Applications have been made for the Notes to be admitted during the period of 12 months from the date of approval of this Base Prospectus to listing on the Official List of the FCA (the "**Official List**") and to trading on the main market of the London Stock Exchange plc (the "**London Stock Exchange**"). The main market of the London Stock Exchange (the "**Market**") is a UK regulated market for the purposes of Article 2(1)(13A) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA ("**UK MiFIR**"). References in this Base Prospectus to Notes being "**listed**" (and all related references) shall, unless the context otherwise requires, mean that such Notes have been admitted to the Official List and admitted to trading on the Market.

The Senior Preferred Notes and any Coupons (each as defined herein) relating thereto will constitute "ordinary non-preferential debt" for the purposes of The Banks and Building Societies (Priorities on Insolvency) Order 2018, as the same may be amended, supplemented or replaced from time to time (the "**Order**" and, together with any law or regulation applicable to either Issuer which is amended by the Order, as the same may be further amended, supplemented or replaced from time to time, the "**Ranking Legislation**"). The Senior Non-Preferred Notes (as defined herein) and any Coupons relating thereto will constitute "secondary non-preferential debt" for the purposes of the Ranking Legislation. The Tier 2 Capital Notes (as defined herein) and any Coupons relating thereto will constitute "tertiary non-preferential debt" for the purposes of the Ranking Legislation.

This Base Prospectus has been approved by the FCA, as competent authority under the UK Prospectus Regulation. The FCA only approves this Base Prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by the UK Prospectus Regulation; such approval should not be considered as (a) an endorsement of the Issuers; or (b) an endorsement of the quality of any Notes that are the subject of this Base Prospectus. Investors should make their own assessment as to the suitability of investing in the Notes.

This Base Prospectus is valid for 12 months from its date in relation to Notes which are to be admitted to trading on the Market. The obligation to supplement this Base Prospectus in the event of a significant new factor, material mistake or material inaccuracy does not apply when this Base Prospectus is no longer valid.

Interest and/or other amounts payable under the Notes may be calculated by reference to certain reference rates. Any such reference rate may constitute a benchmark for the purposes of the Benchmark Regulation (Regulation (EU) 2016/1011) as it forms part of domestic law by virtue of the EUWA (the "**UK BMR**"). If any such reference rate does constitute such a benchmark, the applicable Final Terms will indicate whether or not the benchmark is provided by an administrator included in the register of administrators and benchmarks established and maintained by the FCA pursuant to Article 36 of the UK BMR. Not every reference rate will fall within the scope of the UK BMR. Transitional provisions in the UK BMR may have the result that the administrator of a particular benchmark is not required to appear in the register of administrators and benchmarks at the date of the relevant Final Terms (or, if located outside the United Kingdom, recognition, endorsement or equivalence). The registration status of any administrator under the UK BMR is a matter of public record and, save where required by applicable law, the Issuers do not intend to update the relevant Final Terms to reflect any change in the registration status of the administrator.

The Notes have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the "**Securities Act**"), or any U.S. state securities laws, and the Notes in bearer form are subject to U.S. tax law requirements. Subject to certain exceptions, the Notes may not be offered, sold or delivered within the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S ("**Regulation S**")).

The Notes are not deposit liabilities of either of the Issuers and are not covered by the United Kingdom Financial Services Compensation Scheme ("**FSCS**") or insured by the U.S. Federal Deposit Insurance Corporation or any other governmental agency of the United States, the United Kingdom or any other jurisdiction.

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

Arranger and Dealer

Lloyds Bank Corporate Markets

IMPORTANT NOTICES

This Base Prospectus comprises the (i) Company Prospectus (as defined below); and (ii) Bank Prospectus (as defined below). Investors should note that:

1. the Company Prospectus comprises this document with the exception of the documents incorporated by reference in paragraphs 3 and 4 in the section entitled "Information Incorporated by Reference" and paragraphs 4 and 6 in the section entitled "General Information" (the "**Company Prospectus**"); and

2. the Bank Prospectus comprises this document with the exception of the documents incorporated by reference in paragraphs 1 and 2 in the section entitled "Information Incorporated by Reference" and paragraphs 3 and 5 in the section entitled "General Information" (the "**Bank Prospectus**").

The Company Prospectus and the Bank Prospectus each comprises a base prospectus for the purpose of Article 8 of the UK Prospectus Regulation for the purpose of giving information with regard to the Company and the Company and its subsidiaries taken as a whole and to the Bank and the Bank and its subsidiaries taken as a whole, respectively, and the Notes to be issued by the Company or the Bank (as the case may be) during the period of 12 months from the date of this Base Prospectus, which, according to the particular nature of such Issuer and the Notes, is necessary to enable investors to make an informed assessment of the assets and liabilities, financial position, profit and losses and prospects of the relevant Issuer and of the rights attaching to the Notes issued by it.

Responsibility for this Base Prospectus

The Company accepts responsibility for the information contained in the Company Prospectus and any applicable Final Terms in relation to Notes issued by it under the Programme. To the best of the knowledge of the Company, the information contained in the Company Prospectus (or the relevant Final Terms, as the case may be) is in accordance with the facts and the Company Prospectus (or the relevant Final Terms, as the case may be) makes no omission likely to affect the import of such information.

The Bank accepts responsibility for the information contained in the Bank Prospectus and any applicable Final Terms in relation to Notes issued by it under the Programme. To the best of the knowledge of the Bank, the information contained in the Bank Prospectus (or the relevant Final Terms, as the case may be) is in accordance with the facts and the Bank Prospectus (or the relevant Final Terms, as the case may be) makes no omission likely to affect the import of such information.

Final Terms/Drawdown Prospectus

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

The Notes

Notes may only be issued under the Programme which have a denomination of at least €100,000 (or its equivalent in any other currency).

Each Tranche of Notes in registered form ("**Registered Notes**") will be represented by either (a) individual note certificates in registered form ("**Individual Certificates**"); or (b) one or more global note certificates ("**Global Certificates**").

Each Note represented by a Global Certificate will either be: (a) in the case of a Global Certificate which is not to be held under the new safekeeping structure ("**NSS**"), registered in the name of a common depositary (or its nominee) for Euroclear Bank SA/NV ("**Euroclear**") and/or Clearstream Banking S.A. ("**Clearstream, Luxembourg**") and/or any other relevant clearing system and the relevant Global Certificate will be deposited on or about the issue date with the common depositary and/or the sub-custodian; or (b) in the case of a Global Certificate to be held under the NSS, registered in the name of a common safekeeper (or its nominee) for Euroclear and/or Clearstream, Luxembourg and the relevant Global Certificate will be deposited on or about the issue date with the common safekeeper for Euroclear and/or Clearstream, Luxembourg.

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

Other relevant information

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

Each Issuer has confirmed to the Dealers that the information contained in this Base Prospectus is in accordance with the facts and does not omit anything likely to affect the import of such information and contains all information in respect of it that is material in the context of the issue and offering of Notes (including all information that is necessary to enable investors to make an informed assessment of the assets and liabilities, financial position, profits and losses, and its prospects and of the rights attaching to the Notes) and does not contain an untrue statement of material fact or omit to state a material fact necessary in order to make the statements contained herein, in light of the circumstances under which they were made, not misleading and it has made all reasonable enquiries to ascertain such facts material for the purpose aforesaid.

To the fullest extent permitted by law, none of the Dealers, the Arranger, Citicorp Trustee Company Limited in its capacity as trustee (the "**Trustee**"), Citibank, N.A., London Branch in its capacity as principal paying agent and transfer agent (the "**Principal Paying Agent**" and "**Transfer Agent**" respectively), the calculation agent (as specified from time to time in the Final Terms, the "**Calculation Agent**"), Citibank, N.A., London Branch in its capacity as registrar (the "**Registrar**" and together with the Principal Paying Agent, the Calculation Agent and the Transfer Agent, the "**Agents**") or KPMG LLP in its capacity as auditor of the Issuers nor any of their respective affiliates accept any responsibility for the contents of this Base Prospectus or for any other statement, made or purported to be made by the Arranger, the Trustee, the Agents or a Dealer or any of their respective affiliates or on its behalf in connection with the Issuers or the issue and offering of the Notes. The Arranger, the

Trustee, each Dealer and their respective affiliates accordingly disclaim all and any liability whether arising in tort or contract or otherwise (save as referred to above) which they might otherwise have in respect of this Base Prospectus or any such statement. The statements made in this paragraph are without prejudice to the responsibilities of each of the Issuers under or in connection with the Notes.

References in this Base Prospectus to a "**Holder**" or "**Noteholder**" are to the holder of a Bearer Note or the person in whose name a Registered Note is registered, as the case may be.

Unauthorised Information

No person has been authorised to give any information or to make any representation not contained in or not consistent with this Base Prospectus or such other information as is in the public domain and, if given or made, such information or representation should not be relied upon as having been authorised by the Issuers, the Arranger, the Trustee, the Agents, any Dealer or any of their respective affiliates.

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

Restrictions on distribution

The distribution of this Base Prospectus and any Final Terms and the offering, sale and delivery of the Notes in certain jurisdictions may be restricted by law. If a jurisdiction requires that the offering of Notes be made by a licensed broker or dealer and any Dealer or any affiliate of any Dealer is a licensed broker or dealer in that jurisdiction, the offering shall be deemed to be made by such Dealer or such affiliate on behalf of the relevant Issuer in that jurisdiction. Persons into whose possession this Base Prospectus or any Final Terms comes are required by the Issuers and the Dealers to inform themselves about and to observe any such restrictions. For a description of certain restrictions on offers, sales and deliveries of Notes and on the distribution of this Base Prospectus or any Final Terms and other offering material relating to the Notes, see "*Subscription and Sale*".

The Notes have not been and will not be registered under the Securities Act or with any securities regulatory authority of any state or other jurisdiction of the United States, and the Notes in bearer form are subject to U.S. tax law requirements. The Notes may not be offered, sold or delivered within the United States or to, or for the account or benefit of, U.S. persons except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and any applicable securities laws of any state or other jurisdiction of the United States.

NEITHER THE PROGRAMME NOR THE NOTES HAVE BEEN APPROVED OR DISAPPROVED BY THE U.S. SECURITIES AND EXCHANGE COMMISSION, ANY STATE SECURITIES COMMISSION IN THE UNITED STATES OR ANY OTHER U.S. REGULATORY AUTHORITY, NOR HAS ANY OF THE FOREGOING AUTHORITIES PASSED UPON OR ENDORSED THE MERITS OF ANY OFFERING OF NOTES OR THE ACCURACY OR ADEQUACY OF THIS BASE PROSPECTUS. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENCE IN THE UNITED STATES.

EU PRIIPs/IMPORTANT – EEA RETAIL INVESTORS – If the Final Terms in respect of any Notes includes a legend entitled "*Prohibition of Sales to EEA Retail Investors*", the Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area ("**EEA**"). For these purposes, a retail investor means a person who is one (or more) of:

(a) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU, as amended ("**MiFID II**"); or

(b) a customer within the meaning of Directive (EU) 2016/97 (the "**Insurance Distribution Directive**"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II.

Consequently, no key information document required by Regulation (EU) No 1286/2014, as amended (the "**EU PRIIPs Regulation**") for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the EU PRIIPs Regulation.

UK PRIIPs/IMPORTANT – UK RETAIL INVESTORS – If the Final Terms in respect of any Notes includes a legend entitled "*Prohibition of Sales to UK Retail Investors*", the Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the UK (as defined below). For these purposes, a retail investor means a person who is one (or more) of:

(a) a retail client as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the EUWA; or

(b) a customer within the meaning of the provisions of the FSMA and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA.

Consequently, no key information document required by Regulation (EU) No 1286/2014 as it forms part of domestic law by virtue of the EUWA (the "**UK PRIIPs Regulation**") for offering or selling the Notes or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.

MiFID II PRODUCT GOVERNANCE/TARGET MARKET – If applicable, the Final Terms in respect of any Notes will include a legend entitled "MiFID II Product Governance/Target Market" which will outline the target market assessment in respect of the Notes and which channels for distribution of the Notes are appropriate. Any person subsequently offering, selling or recommending the Notes (a "**distributor**") should take into consideration the target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the target market assessment) and determining appropriate distribution channels.

A determination will be made in relation to each issue about whether, for the purpose of the MiFID Product Governance Rules under EU Delegated Directive 2017/593 (the "**MiFID Product Governance Rules**"), any Dealer subscribing for any Notes is a manufacturer in respect of such Notes, but otherwise neither the Arranger nor the Dealers nor any of their respective affiliates will be a manufacturer for the purpose of the MiFID Product Governance Rules.

UK MiFIR PRODUCT GOVERNANCE/TARGET MARKET – If applicable, the Final Terms in respect of any Notes will include a legend entitled "UK MiFIR Product Governance/Target Market" which will outline the target market assessment in respect of the Notes and which channels for distribution of the Notes are appropriate. Any person subsequently offering, selling or recommending the Notes (a "**distributor**") should take into consideration the target market assessment; however, a distributor subject to the FCA Handbook Product Intervention and Product Governance Sourcebook (the "**UK MiFIR Product Governance Rules**") is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the target market assessment) and determining appropriate distribution channels.

A determination will be made in relation to each issue about whether, for the purpose of the UK MiFIR Product Governance Rules, any Dealer subscribing for any Notes is a manufacturer in respect of such Notes, but otherwise neither the Arranger nor the Dealers nor any of their respective affiliates will be a manufacturer for the purpose of the UK MiFIR Product Governance Rules.

Benchmark Regulation

Interest and/or other amounts payable under the Notes may be calculated by reference to certain reference rates. Any such reference rate may constitute a benchmark for the purposes of the UK BMR. If any such reference rate does constitute such a benchmark, the Final Terms will indicate whether or not the benchmark is provided by an administrator included in the register of administrators and benchmarks established and maintained by the FCA pursuant to Article 36 (register of administrators and benchmarks) of the UK BMR. Transitional provisions in the UK BMR may have the result that the administrator of a particular benchmark is not required to appear in the register of administrators and benchmarks at the date of the Final Terms. The registration status of any administrator under the UK BMR is a matter of public record and, save where required by applicable law, the Issuers do not intend to update the Final Terms to reflect any change in the registration status of the administrator.

Investors to make own investigations

Neither this Base Prospectus nor any Final Terms nor any of the documents incorporated by reference constitutes an offer or an invitation to subscribe for or purchase any Notes and are not intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation by any of the Issuers, the Trustee, the Arranger or any of the Dealers that any recipient of this Base Prospectus or any Final Terms should subscribe for or purchase any Notes. Each recipient of this Base Prospectus or any Final Terms shall be taken to have made its own investigation and appraisal of the condition (financial or otherwise) of the Issuers.

The Notes are complex financial instruments and such instruments may be purchased by investors as a way to reduce risk or enhance yield with an understood, measured, appropriate addition of risk to their overall portfolios. Each potential investor in the Notes must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should:

(a) have sufficient knowledge and experience to make a meaningful evaluation of the relevant Notes, the merits and risk of investing in the relevant Notes and the information contained or incorporated by reference in this Base Prospectus or any applicable supplement;

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

(c) have sufficient financial resources and liquidity to bear all of the risks of an investment in the relevant Notes or where the currency for principal or interest payments is different from the currency in which such investor's financial activities are principally denominated;

(d) understand thoroughly the terms of the relevant Notes and be familiar with the behaviour of any relevant indices and financial markets; and

(e) be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

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

Programme limits

The maximum aggregate principal amount of Notes issued by the Company outstanding at any one time under the Programme will not exceed the Company Programme Limit and the maximum aggregate principal amount of Notes issued by the Bank outstanding at any one time under the Programme will not exceed the Bank Programme Limit. Subject to the Company Programme Limit and the Bank Programme Limit, the combined aggregate principal amount of Notes outstanding under the Programme issued by both Issuers will not at any time exceed the Combined Programme Limit.

For these purposes, any Notes denominated in another currency shall be translated into pounds sterling at the date of the agreement to issue such Notes (calculated in accordance with the provisions of the Programme Agreement (as defined under "*Subscription and Sale*")).

The Company Programme Limit, the Bank Programme Limit and/or the Combined Programme Limit may be increased from time to time, subject to compliance with the relevant provisions of the Programme Agreement.

Certain definitions

Unless otherwise indicated, all references in this Base Prospectus to "**sterling**", "**pounds sterling**" or "**£**" are to the lawful currency of the United Kingdom of Great Britain and Northern Ireland (the "**United Kingdom**" or the "**UK**"). All references to the "**Euro**", "**euro**" or "**€**" are to the currency introduced at the start of the third stage of European economic and monetary union, and as defined in Article 2 of Council Regulation (EC) No. 974/98 of 3 May 1998 on the introduction of the euro, as amended. All references to "**dollars**" or "**U.S.$**" are to the lawful currency of the United States of America, its territories and possessions, any state of the United States of America and the District of Columbia (the "**United States**" or "**U.S.**").

Unless otherwise indicated, the financial information contained in this Base Prospectus has been expressed in pounds sterling.

In this Base Prospectus, references to the "**Issuer**" are to Company or to the Bank, as the case may be, as the issuer of the Notes under the Programme and references to the "**relevant Issuer**" shall be construed accordingly.

Unless otherwise indicated, references to the "**Group**" are to the Company and its consolidated subsidiaries; references to the "**Bank Group**" mean the Bank and its consolidated subsidiaries; and references to the "**Sabadell Group**" are to Banco de Sabadell, S.A. ("**Sabadell**") and its associated and subsidiary undertakings.

In this Base Prospectus, unless the contrary intention appears, a reference to a law or a provision of a law is a reference to that law or provision as extended, amended or re-enacted.

Ratings

As of the date of this Base Prospectus, Moody's International (UK) Limited ("**Moody's**") has assigned each of the Company and the Bank an issuer rating of Baa3 and Baa2 respectively. Moody's is established in the UK and registered under Regulation (EU) No. 1060/2009 as it forms part of domestic law by virtue of the EUWA (the "**UK CRA Regulation**"). As such, Moody's is included in the list of credit rating agencies published by the FCA on its website in accordance with the UK CRA Regulation.

As of the date of this Base Prospectus, Tranches of Notes issued under the Programme will not be rated.

If a Tranche of Notes were to be rated, such rating will not necessarily be the same as the rating(s) applicable to the Relevant Issuer or the rating(s) assigned to Notes already issued.

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

Stabilisation

In connection with the issue of any Tranche of Notes, the Dealer or Dealers (if any) named as the Stabilisation Manager(s) (or persons acting on behalf of any Stabilisation Manager(s)) in the relevant Final Terms may over-allot Notes or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail. However, stabilisation may not necessarily occur. Any stabilisation action may begin on or after the date on which adequate public disclosure of the terms of the offer of the relevant Tranche of Notes is made and, if begun, may cease at any time, but it must end no later than the earlier of 30 days after the issue date of the relevant Tranche of Notes and 60 days after the date of the allotment of the relevant Tranche of Notes. Any stabilisation action or over-allotment must be conducted by the Stabilisation Manager(s) (or person(s) acting on behalf of any Stabilisation Manager(s)) in accordance with all applicable laws and rules.

Singapore SFA Product Classification

In connection with Section 309B of the Securities and Futures Act (Chapter 289) of Singapore (as modified and amended from time to time, the "**SFA**") and the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore (the "**CMP Regulations 2018**"), unless otherwise specified before an offer of Notes, each Issuer has determined, and hereby notifies all relevant persons (as defined in Section 309A(1) of the SFA), that the Notes are 'prescribed capital markets products' (as defined in the CMP Regulations 2018) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

SUPPLEMENTAL BASE PROSPECTUS

If at any time either Issuer shall be required to prepare a supplement to the Base Prospectus pursuant to Article 23 of the UK Prospectus Regulation, the relevant Issuer will prepare and make available an appropriate amendment or supplement to this Base Prospectus or a further base prospectus which, in respect of any

subsequent issue of Notes to be listed on the Official List and admitted to trading on the Market, shall constitute a supplemental base prospectus as required by Article 23 of the UK Prospectus Regulation.

FORWARD-LOOKING STATEMENTS

This Base Prospectus and the information incorporated by reference into this Base Prospectus include statements that are, or may be deemed to be, "forward-looking statements". These forward-looking statements can be identified by the use of forward-looking terminology, including the terms "believes", "estimates", "anticipates", "expects", "intends", "plans", "goal", "target", "aim", "may", "will", "would", "could" or "should" or, in each case, their negative or other variations or comparable terminology. These forward-looking statements include all matters that are not historical facts. They appear in a number of places throughout this Base Prospectus and the information incorporated by reference into this Base Prospectus and include statements regarding the intentions, beliefs or current expectations of the relevant Issuer or the Group concerning, amongst other things, the operating results, financial condition, prospects, growth, strategies and dividend policy of the Issuers and the sectors and markets in which they operate.

By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future and may be beyond the relevant Issuer's ability to control or predict. Forward-looking statements are not guarantees of future performance.

The Issuers' actual operating results, financial condition and the development of the sectors and markets in which they operate may differ materially from the impression created by the forward-looking statements contained in this Base Prospectus and/or the information incorporated by reference into this Base Prospectus. In addition, even if the operating results and financial condition of the Issuers, and the development of the sectors and markets in which they operate, are consistent with the forward-looking statements contained in this document and/or the information incorporated by reference into this Base Prospectus, those results or developments may not be indicative of results or the development of such sectors and markets in subsequent periods. Important factors that could cause these differences include, but are not limited to, general political, economic and business conditions, sector and market trends, changes in government, changes in law or regulation, stakeholder perception of the relevant Issuer and/or the sectors or markets in which it operates and those risks described in the section of this document headed "*Risk Factors*".

Investors are advised to read this Base Prospectus and the information incorporated by reference into this Base Prospectus in their entirety, and, in particular, the section of this document headed "*Risk Factors*", for a further discussion of the factors that could affect the Issuers' future performance and the sectors and markets in which they operate. In light of these risks, uncertainties and assumptions, the events described in the forward-looking statements in this document and/or the information incorporated by reference into this document may not occur.

Other than in accordance with their legal or regulatory obligations neither the Issuers nor the Dealers undertake any obligation to update or revise publicly any forward-looking statement, whether as a result of new information, future events or otherwise.

CONTENTS

Page

INFORMATION INCORPORATED BY REFERENCE 1

PRESENTATION OF INFORMATION 2

FINAL TERMS AND DRAWDOWN PROSPECTUSES 3

OVERVIEW OF THE PROGRAMME 4

RISK FACTORS 13

TERMS AND CONDITIONS OF THE NOTES 54

FORM OF FINAL TERMS 110

FORMS OF THE NOTES 123

USE OF PROCEEDS 129

INFORMATION ON THE GROUP 130

SUPERVISION AND REGULATION 136

TAXATION 147

SUBSCRIPTION AND SALE 149

GENERAL INFORMATION 156

INFORMATION INCORPORATED BY REFERENCE

This Base Prospectus should be read and construed in conjunction with the information contained in:

1. the audited consolidated financial statements of the Company for the financial year ended 31 December 2020, together with the audit report thereon, as set out on pages 57 to 111 and 112 to 119, respectively of the Company's annual report and accounts for the financial year ended 31 December 2020 (the "**Company's 2020 Financial Statements**" and together with the Company's 2019 Financial Statements, the "**Company's Financial Statements**");

2. the audited consolidated financial statements of the Company for the financial year ended 31 December 2019, together with the audit report thereon, as set out on pages 44 to 95 and 96 to 102, respectively of the Company's annual report and accounts for the financial year ended 31 December 2019 (the "**Company's 2019 Financial Statements**");

3. the audited consolidated annual financial statements of the Bank for the financial year ended 31 December 2020, together with the audit report thereon, as set out on pages 23 to 78 and 79 to 86, respectively of the Bank's annual report and accounts for the financial year ended 31 December 2020 (the "**Bank's 2020 Financial Statements**" and together with the Bank's 2019 Financial Statements, the "**Bank's Financial Statements**");

4. the audited consolidated annual financial statements of the Bank for the financial year ended 31 December 2019, together with the audit report thereon, as set out on pages 18 to 73 and 74 to 80, respectively of the Bank's annual report and accounts for the financial year ended 31 December 2019 (the "**Bank's 2019 Financial Statements**"); and

5. the terms and conditions of the Notes, as set out on pages 47 to 101 of the Base Prospectus dated 15 April 2020 relating to the Programme (the "**2020 Conditions**"),

each of which is available (without charge) on the Company's website at *https://www.tsb.co.uk/investors/debt-investors/*, and has been previously published by the Issuers and has been approved by the FCA or filed with it.

Such information in those documents shall be incorporated in and form part of, this Base Prospectus, save that any statement contained in a document which is incorporated by reference herein shall be modified or superseded for the purpose of this Base Prospectus to the extent that a statement contained herein modifies or supersedes such earlier statement (whether expressly, by implication or otherwise). Any statement so modified or superseded shall not, except as so modified or superseded, constitute a part of this Base Prospectus.

Those parts of the documents incorporated by reference in this Base Prospectus which are not specifically incorporated by reference into the Company Prospectus or the Bank Prospectus are either not relevant for prospective investors in the Notes or the relevant information is included elsewhere in the Company Prospectus or the Bank Prospectus respectively. Any documents referred to in the documents incorporated by reference in this Base Prospectus do not form part of this Base Prospectus.

PRESENTATION OF INFORMATION

Historical financial information

The historical financial information in this Base Prospectus has been prepared in accordance with the requirements of the UK Prospectus Regulation and the Listing Rules. The historical financial information incorporated by reference in this Base Prospectus consists of the Bank's Financial Statements and the Company's Financial Statements, which have been prepared in accordance with the International Accounting Standards issued by the International Accounting Standards Board in conformity with the requirements of the Companies Act 2006 ("**IAS**"). The financial statements of the Company and the Bank for the year ending 31 December 2021 will be prepared in accordance with applicable law and the International Accounting Standards as adopted by the UK ("**UK IAS**").

Non-financial information operating data

The non-financial operating data included in this Base Prospectus has been extracted without material adjustment from the management records of the Issuers and is unaudited.

Rounding

Percentages and certain amounts in this Base Prospectus, including financial, statistical and operational information, have been rounded. As a result, the figures shown as totals may not be the precise sum of the figures that precede them.

Market, economic and industry data

Certain information in this Base Prospectus has been sourced from third parties. Each of the Issuers confirms that all third-party information contained in this Base Prospectus has been accurately reproduced and, so far as such Issuer is aware and able to ascertain from information published by that third party, no facts have been omitted that would render the reproduced information inaccurate or misleading.

Where third-party information has been used in this Base Prospectus, the source of such information has been identified.

No incorporation of website information

The contents of the Company's website, any website mentioned in this Base Prospectus or any website directly or indirectly linked to these websites have not been verified and do not form part of this Base Prospectus, and investors should not rely on such information.

FINAL TERMS AND DRAWDOWN PROSPECTUSES

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

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

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

The terms and conditions applicable to any particular Tranche of Notes which is the subject of a Drawdown Prospectus will be the Conditions as supplemented, amended and/or replaced to the extent described in the relevant Drawdown Prospectus.

In the case of a Tranche of Notes which is the subject of a Drawdown Prospectus, each reference in this Base Prospectus to information being specified or identified in the relevant Final Terms shall be read and construed as a reference to such information being specified or identified in the relevant Drawdown Prospectus, unless the context requires otherwise.

OVERVIEW OF THE PROGRAMME

The following overview is a general description of the Programme, must be read as an introduction to this Base Prospectus, and is qualified in its entirety by the remainder of this Base Prospectus and the information incorporated by reference herein (and, in relation to any Tranche of Notes, the relevant Final Terms). Words and expressions defined in "Forms of the Notes" or "Terms and Conditions of the Notes" below shall have the same meanings in this Overview of the Programme.

*The Overview constitutes a general description of the Programme for the purposes of Article 25(1) of Commission Delegated Regulation (EU) No 2019/980, as it forms part of domestic law by virtue of the EUWA (the "**Delegated Regulation**").*

Issuers:	TSB Banking Group plc TSB Bank plc
Issuers' Legal Entity Identifiers (LEI):	TSB Banking Group plc: 213800KWCGLFG9WZDX35 TSB Bank plc: 549300XP222MV7P3CC54
Website of the Issuers:	https://www.tsb.co.uk/
Arranger:	Lloyds Bank Corporate Markets plc
Dealers:	Lloyds Bank Corporate Markets plc and any other Dealer appointed from time to time by the Issuers either generally in respect of the Programme or in relation to a particular Tranche of Notes.
Trustee:	Citicorp Trustee Company Limited
Principal Paying Agent, Calculation Agent and Transfer Agent:	Citibank, N.A, London Branch
Registrar:	Citibank, N.A, London Branch
Risk Factors:	There are certain factors that may affect the Issuers' ability to fulfil their obligations under Notes issued under the Programme. In addition, there are certain factors which are material for the purpose of assessing the market risks associated with Notes issued under the Programme and risks relating to the structure of a particular Series (as defined below) of Notes issued under the Programme. See "*Risk Factors*".
Admission to Listing and Trading:	Applications have been made for Notes to be admitted during the period of 12 months from the date of approval of this Base Prospectus to listing on the Official List of the FCA and to trading on the Market.
Clearing Systems:	Euroclear and/or Clearstream, Luxembourg and/or, in relation to any Tranche of such Notes, any other clearing system as may be specified in the relevant Final Terms.
Programme Amount:	<u>Company Programme Limit:</u> Up to £2,000,000,000 (or its equivalent in other currencies) aggregate principal amount of Notes issued by the Company may be outstanding at any one time. <u>Bank Programme Limit:</u>

	Up to £2,000,000,000 (or its equivalent in other currencies) aggregate principal amount of Notes issued by the Bank may be outstanding at any one time. <u>Combined Programme Limit:</u> Subject to the Company Programme Limit and the Bank Programme Limit, the combined aggregate principal amount of Notes outstanding under the Programme issued by both Issuers will not at any time exceed £4,000,000,000 (or its equivalent in other currencies). The Issuers may increase the Company Programme Limit and/or the Bank Programme Limit and/or increase or modify the Combined Programme Limit in accordance with the terms of the Programme Agreement.
Issuance in Series:	Notes will be issued in series (each a "**Series**"). Each Series may comprise one or more tranches (each a "**Tranche**") issued on different issue dates. The Notes of each Series will all be subject to identical terms, except that the issue date and the amount of the first payment of interest may be different in respect of different Tranches. The Notes of each Tranche will all be subject to identical terms in all respects save that a Tranche may comprise Notes of different denominations.
Final Terms or Drawdown Prospectus:	Each Tranche of Notes will be issued on the terms set out in the Conditions as completed by the relevant Final Terms or Drawdown Prospectus.
Forms of Notes:	Notes may be issued in bearer form or in registered form. ***Bearer Notes*** Bearer Notes will be sold outside the United States to persons that are not U.S. persons in "offshore transactions" within the meaning of Regulation S. In respect of each Tranche of Bearer Notes, the relevant Issuer will deliver a Temporary Global Note or (if TEFRA is specified as non-applicable or if TEFRA C is specified as applicable) a Permanent Global Note. Each Temporary Global Note will be exchangeable for a Permanent Global Note. Each Permanent Global Note will be exchangeable for Notes in definitive bearer form ("**Definitive Notes**") in accordance with its terms. Definitive Notes will, if interest-bearing, have interest coupons ("**Coupons**") attached and, if appropriate, a talon ("**Talon**") for further Coupons. Each global note which is intended to be issued in NGN form, as specified in the relevant Final Terms, will be deposited on or around the relevant issue date with a common safekeeper (or its nominee) for Euroclear and/or Clearstream, Luxembourg and each global Note which is not intended to be issued in NGN form (a "**CGN**"), as specified in the relevant Final Terms, will be deposited on or before the relevant issue date with a common

depositary (or its nominee) for Euroclear and/or Clearstream, Luxembourg.

Registered Notes

Each Tranche of Registered Notes will be represented by either (a) Individual Certificates; or (b) one or more Global Certificates.

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

Currencies: Notes may be denominated in pounds sterling, euro, U.S. dollars or in any other currency or currencies, subject to compliance with all applicable legal and/or regulatory and/or central bank requirements.

Status of the Senior Preferred Notes: The Senior Preferred Notes (and the Coupons relating thereto, if any) constitute direct, unconditional, unsecured and unsubordinated obligations of the relevant Issuer and constitute ordinary non-preferential debt of the relevant Issuer for the purposes of the Ranking Legislation. The Senior Preferred Notes and any Coupons relating thereto rank *pari passu* without any preference among themselves.

The relevant Issuer and, by virtue of its holding of any Senior Preferred Note or any beneficial interest therein, each Holder of a Senior Preferred Note and each Holder of a Coupon relating to a Senior Preferred Note acknowledge and agree that the Senior Preferred Notes and any such Coupons rank *pari passu* with all other outstanding unsecured and unsubordinated deposits with, and loans to, the relevant Issuer, present or future (other than Senior Non-Preferred Notes and other obligations of the relevant Issuer which rank or are expressed to rank junior to the Senior Preferred Notes and other than such deposits, loans or other obligations of the relevant Issuer which are given priority pursuant to applicable statutory provisions), save only where the Ranking Legislation provides otherwise for ordinary non-preferential debt generally, in which case the Senior Preferred Notes and such Coupons will rank as provided in the Ranking Legislation for ordinary non-preferential debt generally.

Senior Preferred Notes may only be issued by the Company.

Status of the Senior Non-Preferred Notes:

The Senior Non-Preferred Notes (and the Coupons relating thereto, if any) constitute direct and unsecured obligations of the relevant Issuer and constitute secondary non-preferential debt of the relevant Issuer for the purposes of the Ranking Legislation. Subject to the Ranking Legislation, the Senior Non-Preferred Notes and any Coupons relating thereto rank junior to the Senior Preferred Notes of the relevant Issuer and any Coupons relating thereto. The Senior Non-Preferred Notes of the relevant Issuer rank *pari passu* without any preference among themselves.

The relevant Issuer and, by virtue of its holding of any Senior Non-Preferred Note or any beneficial interest therein, each Holder of a Senior Non-Preferred Note and each Holder of a Coupon relating to a Senior Non-Preferred Note acknowledge and agree that if a Winding-Up of relevant Issuer occurs, the rights and claims of the Holders and the holders of the Coupons (whether or not attached to the relevant Notes) (the "**Couponholders**") (and the Trustee on their behalf) against the relevant Issuer in respect of, or arising under, each Senior Non-Preferred Note (and the Coupons relating thereto, if any) shall be for (in lieu of any other payment by the relevant Issuer) an amount equal to the principal amount of the relevant Senior Non-Preferred Note or any related Coupon, together with, to the extent not otherwise included within the foregoing, any other amounts attributable to such Senior Non-Preferred Note or any related Coupon, including any accrued and unpaid interest thereon and any damages awarded for breach of any obligations in respect of such Senior Non-Preferred Note or any related Coupon, provided however that such rights and claims shall rank in the manner specified in Condition 3(b) (*Senior Non-Preferred Notes*).

Status of the Tier 2 Capital Notes:

The Tier 2 Capital Notes (and the Coupons relating thereto, if any) constitute direct and unsecured obligations of the relevant Issuer and constitute tertiary non-preferential debt of the relevant Issuer for the purposes of the Ranking Legislation. Subject to the Ranking Legislation, the Tier 2 Capital Notes and any Coupons relating thereto rank junior to the Senior Non-Preferred Notes of the relevant Issuer and any Coupons relating thereto. The Tier 2 Capital Notes of the relevant Issuer rank *pari passu* without any preference among themselves.

The relevant Issuer and, by virtue of its holding of any Tier 2 Capital Note or any beneficial interest therein, each Holder of a Tier 2 Capital Note and each Holder of a Coupon relating to a Tier 2 Capital Note acknowledge and agree that if a Winding-Up of the relevant Issuer occurs, the rights and claims of the Holders and the Couponholders (and the Trustee on their behalf) against the relevant Issuer in respect of, or arising under, each Tier 2

	Capital Note (and the Coupons relating thereto, if any) shall be for (in lieu of any other payment by the relevant Issuer) an amount equal to the principal amount of the relevant Tier 2 Capital Note or any related Coupon, together with, to the extent not otherwise included within the foregoing, any other amounts attributable to such Tier 2 Capital Note or any related Coupon, including any accrued and unpaid interest thereon and any damages awarded for breach of any obligations in respect of such Tier 2 Capital Note or any related Coupon, provided however that such rights and claims shall be subordinated as provided in Condition 3(c) (*Tier 2 Capital Notes*) and in the Trust Deed to all Senior Claims but shall rank in the manner specified in Condition 3(c) (*Tier 2 Capital Notes*).
Issue Price:	Notes may be issued at any price. The price and amount of Notes to be issued under the Programme will be determined by the relevant Issuer and the relevant Dealers at the time of issue in accordance with prevailing market conditions.
Specified Denominations:	The Notes may be issued in such denominations as may be specified in the relevant Final Terms, save that no Notes may be issued under the Programme which have a denomination of less than €100,000 (or its equivalent in any other currency at the relevant Issue Date).
Maturities:	Any maturity, subject to compliance with all applicable legal and/or regulatory and/or central bank requirements.
Interest:	Notes may be interest bearing or non-interest bearing. Interest (if any) may accrue at a fixed rate, a resetting rate or a floating rate (or a fixed/floating rate or floating/fixed rate).
Fixed Rate Notes:	Fixed Rate Notes will bear interest at the fixed rate(s) of interest specified in the relevant Final Terms. Such interest will be payable in arrear on the Interest Payment Date(s) specified in the relevant Final Terms or determined pursuant to the Conditions.
Reset Notes:	Reset Notes will, in respect of an initial period, bear interest at the Initial Rate of Interest specified in the relevant Final Terms. Thereafter, the fixed rate of interest will be reset on one or more date(s) specified in the relevant Final Terms by reference to a mid-swap rate for the relevant Specified Currency, a benchmark gilt rate or another reference bond rate, and for a period equal to the relevant reset period, as adjusted for any applicable margin, in each case as may be specified in the relevant Final Terms. Such interest will be payable in arrear on the Interest Payment Date(s) specified in the relevant Final Terms or determined pursuant to the Conditions.
Zero Coupon Notes:	Zero Coupon Notes may be issued at their principal amount or at a discount to their principal amount and will not bear interest.

Floating Rate Notes:	Floating Rate Notes will bear interest determined separately for each Series as follows: (a) on the same basis as the floating rate under a notional interest rate swap transaction in the relevant Specified Currency governed by an agreement incorporating the 2006 ISDA Definitions published by the International Swaps and Derivatives Association, Inc.; or (b) by reference to a reference rate appearing on the agreed screen page of a commercial quotation service, subject to Condition 9 (*Benchmark Discontinuation*), in any such case as adjusted for any applicable margin specified in the relevant Final Terms. Floating Rate Notes may also have a maximum interest rate, a minimum interest rate, or both.
Benchmark Discontinuation (in respect of Floating Rate Notes and Reset Notes):	Notwithstanding the fallback provisions provided for in Condition 5(d) (*Fallback – Mid-Swap Rate*), Condition 5(e) (*Fallback – Benchmark Gilt Rate*), Condition 6(c) (*Screen Rate Determination – Floating Rate Notes other than Floating Rate Notes referencing SONIA*), Condition 6(d) (*Screen Rate Determination – Floating Rate Notes Referencing SONIA* (*Non-Index Determination*)) or Condition 6(e) (*Screen Rate Determination – Floating Rate Notes Referencing SONIA* (*Index Determination*)), if a Benchmark Event occurs, such that any rate of interest (or any component part thereof) cannot be determined by reference to the original benchmark or screen rate (as applicable) specified in the relevant Final Terms, then the relevant Issuer may (subject to certain conditions) be permitted to substitute such benchmark and/or screen rate (as applicable) with a successor, replacement or alternative benchmark and/or screen rate (with consequent amendment to the terms of the relevant Series of Notes and the application of an adjustment spread (which could be positive or negative or zero)). See Condition 9 (*Benchmark Discontinuation*).
Redemption:	Unless previously redeemed or purchased and cancelled or substituted Notes will be redeemed at their Final Redemption Amount, together with accrued and unpaid interest (as specified in the relevant Final Terms) on the Maturity Date.
Optional Redemption:	Notes may be redeemed before the Maturity Date at the option of the relevant Issuer (as described in Condition 10(b) (*Redemption at the option of the relevant Issuer*)), to the extent (if at all) specified in the relevant Final Terms, subject to obtaining Supervisory Permission (unless, in the case of Senior Preferred Notes, not required by the Conditions) for redemption and complying with certain pre-conditions (see Condition 10(k) (*Pre-condition to Redemption, Purchase, Substitution or Variation of the Tier 2 Capital Notes*) in the case of Tier 2 Capital

	Notes and Condition 10(l) (*Pre-condition to Redemption, Purchase, Substitution or Variation of Senior Preferred Notes and Senior Non-Preferred Notes*) in the case of Senior Preferred Notes and Senior Non-Preferred Notes).
Early Redemption:	Except as described in "*Optional Redemption*" above, early redemption will only be permitted (a) for tax reasons, as described in Condition 10(c) (*Redemption for Tax Event*); (b) in the case of Tier 2 Capital Notes, for regulatory reasons, as described in Condition 10(d) (*Redemption for Capital Disqualification Event*), subject to the relevant Issuer obtaining prior Supervisory Permission and complying with certain pre-conditions (see Condition 10(k) (*Pre-condition to Redemption, Purchase, Substitution or Variation of the Tier 2 Capital Notes*)); and (c), in the case of Senior Preferred Notes and Senior Non-Preferred Notes (unless otherwise specified in the relevant Final Terms) if the Notes are fully or (if so specified in the relevant Final Terms) partially excluded from the relevant Issuer's minimum requirements for (i) own funds and eligible liabilities and/or (ii) loss absorbing capacity instruments, as described in Condition 10(e) (*Redemption for Loss Absorption Disqualification Event*), subject to such Issuer obtaining prior Supervisory Permission and complying with certain pre-conditions (see Condition 10(l) (*Pre-condition to Redemption, Purchase, Substitution or Variation of Senior Preferred Notes and Senior Non-Preferred Notes*)).
Substitution and Variation of Tier 2 Capital Notes:	Unless otherwise specified in the relevant Final Terms, the relevant Issuer may, upon occurrence of a Tax Event or a Capital Disqualification Event, either substitute all of the Notes for, or vary the terms of the Notes so that they remain or, as appropriate, become, Qualifying Tier 2 Securities, subject to such Issuer obtaining prior Supervisory Permission and complying with certain pre-conditions (see Condition 10(k) (*Pre-condition to Redemption, Purchase, Substitution or Variation of the Tier 2 Capital Notes*). See Condition 10(n) (*Substitution and Variation of Tier 2 Capital Notes*)).
Substitution and Variation of Senior Preferred Notes and Senior Non-Preferred Notes:	Unless otherwise specified in the relevant Final Terms, the relevant Issuer may, upon occurrence of a Loss Absorption Disqualification Event or a Tax Event, either substitute all of the Notes for, or vary the terms of the Notes so that they remain or, as appropriate, become, Loss Absorption Compliant Notes, subject to such Issuer obtaining prior Supervisory Permission and complying with certain pre-conditions (see Condition 10(l) (*Pre-condition to Redemption, Purchase, Substitution or Variation of Senior Preferred Notes and Senior Non- Preferred Notes*). See Condition 10(o) (*Substitution and Variation of Senior Preferred Notes and Senior Non-Preferred Notes*)).
Negative Pledge:	None

Cross Default:	None
Withholding Tax and Additional Amounts:	All payments of principal and interest in respect of the Notes and the Coupons by or on behalf of the relevant Issuer shall be made free and clear of, and without withholding or deduction for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or on behalf of the Relevant Jurisdiction, unless the withholding or deduction of such taxes, duties, assessments, or governmental charges is required by law. In that event, the relevant Issuer shall, (a) in the case of each Series of Senior Preferred Notes and Senior Non-Preferred Notes, in each case unless the relevant Final Terms expressly specifies "Senior Preferred Notes and Senior Non-Preferred Notes: Gross-up of principal" as "Not Applicable", in respect of payments of interest (if any) or principal, or (b) in the case of (x) all Tier 2 Capital Notes and (y) each Series of Senior Preferred Notes and Senior Non-Preferred Notes for which the relevant Final Terms expressly specifies "Senior Preferred Notes and Senior Non-Preferred Notes: Gross-up of principal" as "Not Applicable", in respect of payments of interest (if any) only and not principal, pay such additional amounts as will result in receipt by the Noteholders and the Couponholders of such amounts as would have been received by them had no such withholding or deduction been required, subject to certain exceptions as described in Condition 13 (*Taxation*).
Substitution:	Subject to Condition 18(e) (*Supervisory Permission*), the Trustee may in certain circumstances, without the consent of the Noteholders, agree to the substitution of the relevant Issuer, as described in Condition 18(c) (*Substitution*). In the case of any substitution of the relevant Issuer, as provided above, the Trustee may agree, without the consent of Holders, to a change in the law governing the subordination and waiver of set-off provisions in the Conditions and the Trust Deed.
Governing Law:	English law except that Condition 3 (in respect of Notes issued by the Bank) is governed by, and shall be construed in accordance with, Scots law.
Ratings:	As of the date of this Base Prospectus, Moody's has assigned each of the Company and the Bank an issuer rating of Baa3 and Baa2 respectively. Moody's is established in the United Kingdom and registered under the UK CRA Regulation. As of the date of this Base Prospectus, Tranches of Notes issued under the Programme will not be rated. If a Tranche of Notes were to be rated, such rating will not necessarily be the same as the rating(s) applicable to the relevant Issuer or the rating(s) assigned to Notes already issued.

	A rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.
Selling Restrictions:	For a description of certain restrictions on offers, sales and deliveries of Notes and on the distribution of offering material in the United States, the EEA, the United Kingdom, Japan, Hong Kong, Singapore, France and Belgium, see "*Subscription and Sale*" below.

RISK FACTORS

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

Prospective investors should note that the risks described below are not the only risks the relevant Issuer and the Group face, many of which relate to events and depend on circumstances that may or may not occur in the future. Each Issuer believes that the factors described below represent the principal risks inherent in investing in the Notes, but the relevant Issuer may be unable to pay interest, principal or other amounts on or in connection with any Notes for other reasons and neither Issuer represents that the statements below regarding the risks of holding any Notes are exhaustive.

*The Bank is a principal operating subsidiary of the Company (together with its consolidated subsidiaries, the "**Group**") and accounts for a substantial proportion of the consolidated assets, liabilities and operating profits of the Company. Accordingly risk factors below which relate to the Company and the Group will also be of relevance to the Bank and the Bank Group and vice versa.*

Prospective investors should also read the detailed information set out elsewhere in this Base Prospectus and reach their own views prior to making any investment decision.

Words and expressions defined in "Forms of the Notes" or "Terms and Conditions of the Notes" below shall have the same meanings in this Risk Factors section.

Risks relating to the Issuers and the Group

The Group is subject to inherent risks arising from general macro-economic conditions in the UK and globally

The Group's business is subject to inherent risks arising from general macro-economic conditions in the UK and the state of the global financial markets both generally and as they specifically affect financial institutions. During the global financial crisis that started in mid-2008, the UK economy experienced a significant degree of turbulence and a deep recession, adversely affecting, among other things, the state of the housing market, market interest rates, levels of unemployment, the cost and availability of credit and the liquidity of the financial markets.

As the Group's customer revenue is derived almost entirely from customers based in the UK, the Group is particularly exposed to the condition of the UK economy, including house prices, interest rates, levels of unemployment and consequential fluctuations in consumers' disposable income. If these economic indicators and UK economic conditions weaken, or if financial markets exhibit uncertainty and/or volatility, the Group's impairment losses may increase and its ability to grow its business could be materially adversely impacted. This in turn could affect the relevant Issuer's ability to fulfil its obligations under the Notes.

In addition, UK and global economic conditions may be severely adversely affected by other factors, including (but not limited to) any natural disasters (including flooding) or leaving the EU (Brexit) or widespread health crises or the fear any of such crises at such time (such as COVID-19 or other epidemic infectious diseases). This in turn could affect the relevant Group's ability to fulfil its obligations under the Notes.

The Group faces risks arising from the impact of COVID-19

The COVID-19 outbreak and the measures put in place by the UK government, and other governments around the world, to manage and control the health risks associated with the pandemic has caused, and continues to cause significant disruption to normal business and economic activity. This has had, and continues to have, a material impact on businesses and individuals in the UK and around the world and the economic environments in which they operate. Whilst the UK government has announced a roadmap to the end of restrictions in the UK, this remains subject to several conditions and therefore the length of time that the health control measures, and associated restrictions, will remain in place remains unclear (within the UK and globally). There are a number of risk factors associated with the outbreak and the UK government's response to it (including, amongst others, conduct, regulatory, operational, credit, fraud, financial crime and financial risks). Each of those risks and the pandemic's significant impact on economies could have a material adverse impact on, amongst other things, the profitability, capital and liquidity of financial institutions such as the Group.

As the Group's customer base is predominantly based in the UK, it will be significantly exposed to the condition of the UK economy. The UK enters 2021 in a deep economic downturn and the depth and length of the downturn remains uncertain. The actions taken by the UK government and the Bank of England provide a view on the potential severity of downturn and post recovery environment, which from a commercial, regulatory and risk perspective could be significantly different to past crises and persist for a prolonged period. Concerns remain as to whether these policy tools will counter anticipated macro-economic risks arising from the pandemic.

In particular, the current and potential future impacts of the economic downturn include a decrease in UK house prices, increased levels of unemployment, increased individual and business insolvencies, a lower interest rate environment for a longer period of time (with the possibility of negative interest rates) and a change in consumers' disposable income (for further detail, see the risk factors entitled "*The Group faces risks related to volatility in UK house prices",* "*The Group faces risks associated with interest rate levels and volatility*" and "*The Group is exposed to risks relating to high levels of unemployment*"). Each of these factors could have a material impact on a customer's behaviour. As a result of the COVID-19 outbreak, the Group's customers may face difficulty in paying amounts due on their mortgages and unsecured lending products or reduce their level of spending as a result of illness or inability to work as a result of job loss or impact on income. This could lead to a decrease in transaction volumes (and associated income) and lower levels of lending together with increased defaults. Those outcomes and/or low (or negative) interest rates will negatively impact the net interest income of the Group. It is also possible that the easing of COVID-19 measures could lead to a surge in consumer activity, driving inflation and interest rates higher. This could then lead to higher mortgage or other debt repayments thereby increasing pressure on customers who remain in financial stress.

Schemes have been initiated by the UK government to provide financial support to parts of the economy and individuals most impacted by the COVID-19 outbreak. These include payment holidays in relation to mortgages and other consumer credit, a repossession moratorium, the Coronavirus Job Retention scheme (and subsequent replacement schemes), and lending schemes initiated to support business through the pandemic such as the Bounce Back Loan Scheme (the "**BBLS**") and the Coronavirus Business Interruption Loan Scheme (the "**CBILS**"). Further schemes may be developed by the UK government to provide additional financial support to the economy and individuals even as the UK government moves to bring an end to restrictions on normal economic activity in the UK. The full impact of the pandemic on the Group's customers and therefore the impact on the Group remains unclear at this stage, but the credit risk is likely to increase in the near term. The further impact caused by any change or adaptation to or withdrawal of any support measures put in place through the UK government is also uncertain but could also increase complexity for the Group (for further detail, see the risk factor entitled "*The Group faces risks from any tightening of monetary policy in the UK*"). The Group participated in the CBILS and the BBLS and, although the loans made by the Group under those schemes are subject to certain guarantees by the UK government, there is a risk that the Group may be unable to successfully

claim under the guarantee, if, for example, it is discovered that all terms and conditions under the guarantee scheme were not met by the Group at the time of origination of the lending. Any adverse changes in the credit risk of the Group's customers or counterparties could lead to increased defaults, provisions and impairments over time which could have a material adverse impact on the Group's financial position.

If the ongoing economic consequences of the pandemic cause the wholesale funding markets to be disrupted, or investor appetite for holding securities in the financial sector or, more particularly, in the Group decreases either due to the economic volatility caused by the pandemic or the Group's financial position, the Group may not be able to access capital (which may be required due to increasing impairments) or other funding at an acceptable cost or otherwise on acceptable terms. The economic impact of the pandemic may change customer behaviour. Whilst customer deposits have increased during the course of the pandemic, changes in the way customers use their deposits (particularly where such changes lead to a reduction in the deposits), an increase in payment holidays or rising defaults following the end of the pandemic could in turn result in liquidity stress and/or increased pressure on liquidity management. If the Group is unable to manage its capital or liquidity position, it would have a material adverse impact on the Group's business, financial condition and results of operations (for further detail see the risk factor entitled "*The TSB franchise business is subject to risks relating to the cost and availability of liquidity and funding*").

Many of the risks outlined above could negatively impact the Issuers' respective credit ratings (for further detail see the risk factor entitled "*The Group is exposed to the risk of a reduction in its credit rating*").

COVID-19 and the health control and support measures put in place by the UK government have the potential to increase the Group's exposure to conduct and compliance and operational risks (including cyber, fraud, operational resilience, people and third party resilience). A significant move to remote working, the implementation of new processes and increased demands for customer support could lead to errors or delays in decision making causing detriment to the customer (for further detail, see the risk factor entitled "*The Group faces risks associated with its operations' compliance with a wide range of laws and regulations*"). Remote working and changes in customer behaviour, including increased reliance on digital processes and transactions also exposes the Group to an increased risk of fraud and cyber-attack (for further detail, see the risk factor entitled "*The Group is exposed to operational risks related to systems and processes*" and "*The Group is exposed to risks relating to the management of data*").

The impact of COVID-19 (including many of the risks outlined above) could also impact the Group's third party suppliers which could consequently increase the risks faced by the Group in relation to those third party suppliers (for further detail, see the risk factor entitled "*The Group's reliance and service arrangements with third party suppliers and affiliates exposes the Group to a range of potential operational and regulatory risks*").

The Group is subject to risks concerning customer and counterparty credit quality

The Group has exposures to many different products, counterparties and obligors whose credit quality can have a significant adverse impact on the Group's earnings and the value of assets on the Group's balance sheet. As part of the ordinary course of its operations, the Group estimates and establishes provisions for credit risks and the potential credit losses inherent in these exposures. The Group may fail to adequately identify the relevant factors or accurately estimate the impact and/or magnitude of identified factors, which could adversely affect the Group's business, financial position and results of operations.

Further, there is a risk that, despite the Group's belief that it conducts an accurate assessment of customer credit quality, customers are unable to meet their commitments as they fall due as a result of customer-specific circumstances, macro-economic disruptions or other external factors. The failure of customers to meet such commitments may result in higher impairment charges or a negative impact on fair value in the Group's lending portfolio. A deterioration in customer credit quality and the consequent increase in impairments would have a

material adverse impact on the Group's business, financial condition and results of operations. This in turn could affect the relevant Issuer's ability to fulfil its obligations under the Notes.

The Group faces risks related to volatility in UK house prices

The value of the Group's residential mortgage portfolio is influenced by UK house prices. A significant portion of the Group's revenue is derived from interest and fees paid on its mortgage portfolio.

A significant decline in house prices in the UK would lead to a reduction in the recovery value of the Group's assets in the event of a customer default and could lead to higher impairment charges and lower profitability. Higher impairment provisions could reduce the Group's capital and its ability to engage in lending and other income-generating activities.

As a result, a significant decline in house prices could have a material adverse effect on the Group's business and potentially on its ability to implement its strategy. Sustained volatility in house prices could also discourage potential homebuyers from committing to a purchase, thereby limiting the Group's ability to grow its mortgage portfolio.

Volatility in the UK housing market occurring for these, or other reasons could have an adverse impact on the Group's business, financial condition and results of operations. This in turn could affect the relevant Issuer's ability to fulfil its obligations under the Notes.

The Group is exposed to risks relating to high levels of unemployment

As a retail bank, the Group's business performance is impacted by the economic status and wellbeing of its customers, a principal driver of which is overall employment levels. Prior to the COVID-19 outbreak, unemployment in the UK had fallen steadily, and was no longer "high" by historical standards. However, post COVID-19 unemployment is exhibiting an upward trend and this adds to the risks faced by the Group from the labour market. During the COVID-19 pandemic, the UK government has provided support to the UK workforce including through the Coronavirus Job Retention Scheme and its replacement, the Job Support Scheme, and the Self-Employed Income Support Scheme. These schemes have provided unprecedented income support to certain employees and self-employed individuals. The UK government has announced that there will be a phased reduction in the percentage of the salary/grant paid by the UK government under these schemes until they cease in September 2021. There is a risk that the changes and/or termination of those schemes could lead unemployment to rise in the coming months.

Higher levels of unemployment have historically resulted, for example, in a decrease in new mortgage borrowing, reduced deposit growth and reduced or deferred levels of spending, which adversely impact upon fees and commissions received on credit and debit card transactions and demand for unsecured lending. Higher unemployment rates and the resultant decrease in customer income can also have a negative impact on the Group's results, including through an increase in arrears, forbearance, impairment provisions and defaults. Consequently, sustained high levels of unemployment could have a material adverse impact on the Group's business, financial condition and results of operations. This in turn could affect the relevant Issuer's ability to fulfil its obligations under the Notes.

The Group is exposed to the risk of a reduction in its credit rating

Credit ratings are an important reference for market participants in evaluating the Group and its products, services and securities. The Group's financial performance has been and will continue to be affected by general political and economic conditions in the UK, Eurozone and elsewhere. Adverse developments in relation to these conditions in the UK or global financial markets could cause the Group's earnings and profitability to decline.

Each of the Issuers' credit ratings is based on the Group's financial strength and outlook, the assumed level of UK government support for the Group in a crisis, the strength of the UK government, and the condition of the financial services industry and market generally. In the event of adverse developments in respect of any of these factors, there can be no assurance that either Issuer will maintain its current rating. Any reduction in the credit rating of Sabadell could also negatively impact the credit rating of the Issuers. Credit rating agencies conduct an ongoing review which can result in changes to the relevant Issuer's credit ratings and outlooks, the Notes (to the extent they are rated), the UK banking sector and/or the UK government. Credit ratings agencies may also revise the methodologies applicable to the Issuers. If any of the credit rating agencies perceives there to be adverse changes in the factors affecting the relevant Issuer's credit rating, such credit rating agency may downgrade, suspend or withdraw its credit rating. A credit downgrade, suspension or withdrawal could result in additional collateral postings, cash outflow and increased borrowing costs. It could also constrain access to wholesale funding from capital markets on commercially acceptable terms or limit the range of counterparties willing to enter into transactions with the Group. Such a downgrade, suspension or withdrawal could weaken the relevant Issuer's competitive position in certain markets, all of which could have a material adverse impact on the Group's business, financial position and results of operations. This in turn could affect the relevant Issuer's ability to fulfil its obligations under the Notes.

The Group faces risks associated with interest rate levels and volatility

Interest rates, which are impacted by factors outside of the Group's control, including the fiscal and monetary policies of governments and central banks, as well as UK and international political and economic conditions, affect the Group's results, profitability and consequential return on capital in three principal areas: cost and availability of funding, margins and revenues and impairment levels.

First, interest rates affect the cost and availability of the principal sources of the Group's funding, which is largely provided by customer deposits. A sustained low interest rate environment keeps the Group's costs of funding low by reducing the interest payable on customer deposits, but also reduces incentives for consumers to save and, therefore, constrains the Group's ability to earn revenue through the interest rates it receives by lending these funds to customers.

Secondly, interest rates affect the Group's net interest margin and revenue. The low interest rate environment seen in the UK since early 2009 has put some pressure on deposit net interest margins throughout the industry. Consequently, a sustained period of low interest rates can result in smaller margins realised between the rate the Group pays on customer deposits and that received on its loans and the structural hedges that the Group enters into with respect to its non-dated, rate insensitive liabilities, reducing the Group's revenue and overall net interest margin.

Thirdly, interest rates impact the Group's mortgage impairment levels and customer affordability, as well as its unsecured financial products. A rise in interest rates, without sufficient improvement in customer earnings or employment levels, could, for example, lead to an increase in default rates among customers with variable rate mortgages who can no longer afford their repayments, in turn leading to increased impairment charges and lower profitability for the Group. A high interest rate environment also reduces demand for mortgages and unsecured financial products generally, as individuals are less likely or less able to borrow when interest rates are high, thereby reducing the Group's revenue.

Given current market conditions, the Group expects that any interest rate volatility could pose challenges. If the Group is unable to manage its exposure to interest rate volatility, whether through hedging, product pricing and maintenance of borrower credit quality or other means, its business, financial condition and results of operations may be adversely affected. This in turn could affect the relevant Issuer's ability to fulfil its obligations under the Notes.

An additional risk has come to the fore recently: the possibility of negative interest rates. Several central banks have adopted such a policy, including the European Central Bank and the Bank of Japan. The Bank of England published a review of negative interest rates in its August 2020 Monetary Policy Report. The Governor of the Bank of England confirmed that the introduction of negative interest rates is one of many tools under consideration to steer the economy towards its 2 per cent. inflation rate target. The Bank of England has subsequently issued a survey across the banking industry to assess the operational readiness of incumbents for the potential introduction of negative interest rates and in its Monetary Policy Committee in February 2021, whilst reiterating that it should not be taken as a signal that the Bank of England intended to set a negative bank rate in the future, the Bank of England requested that the PRA engage with PRA-regulated firms to ensure they commence preparations in order to be ready to implement a negative bank rate in the six months following that meeting. On 4 February 2021, the PRA sent a 'Dear CEO' letter (the "**PRA Dear CEO Letter**") confirming that it would now engage with firms with respect to the development of tactical solutions with the aim of having firms put themselves in a position to be able to implement a negative bank rate at any point after six months from the date of the PRA Dear CEO Letter. The effect of negative interest rates on profitability would depend on what effect such a policy had on funding rates and on retail lending/deposit rates. If it led to large-scale deposit flight, there would be a risk to the Group's funding plan. In addition, the Group's capital position could come under pressure due to margin compression and a potential reduction in structural hedge income. There would also be various technical and legal issues to contend with, which might require the Group to make changes to its information technology system and redraft legal contracts.

The Group faces risks from any tightening of monetary policy in the UK

Monetary policy in the UK has been highly accommodative in recent years, supported by the Bank of England and Her Majesty's Treasury with the following schemes: Funding for Lending (which closed in February 2018), Help to Buy (Help to Buy ISA scheme closed in November 2019) and the Term Funding Scheme (which closed in February 2018). These were followed by a number of financial measures in response to the COVID-19 pandemic, all of which are backed by a government guarantee, including the COVID Corporate Financing Facility (CCFF) to support larger firms, the CBILS for small and medium sized enterprises, the Coronavirus Large Business Interruption Loan Scheme (CLBILS) and the BBLS. In addition, the Term Funding Scheme with additional incentives for SMEs ("**TFSME**") was launched in 2020 as an additional economic support measure.

After such a long period of stimulus, there is uncertainty over the timing and impact of any change to, or withdrawal of, the support measures. Any change or reduction in the support provided could lead to weaker than expected growth, higher borrowing costs in the wholesale markets, higher interest rates for borrowers, high levels of unemployment, reduced business and consumer confidence, adverse changes to the level of inflation, falling property prices and contracting gross domestic product. These potential implications could all lead to an increase in customer delinquency rates, default rates or other changes in customer behaviour, all of which could have a material adverse impact on the Group's business, financial condition and results of operations, which could in turn affect the relevant Issuer's ability to fulfil its obligations under the Notes.

The Group faces risks from the highly competitive environment in which it operates

The market for financial services in the UK is highly competitive and management expects such competition to intensify in response to competitor behaviour, consumer demand, technological changes, the impact of market consolidation and new market entrants, regulatory actions and other factors. The financial services markets in which the Group operates are mature, such that growth by any bank typically requires winning market share from competitors.

The Group faces competition from established providers of financial services, including banks and building societies, some of which have greater scale and financial resources, broader product offerings and more

extensive distribution networks than the Group. The Group also faces potential competition from new entrants to the market and an increasing risk of disintermediation from smaller challenger banks and financial technology ("**FinTech**") companies, all of whom threaten to disrupt the value chain.

The Current Account Switch Service was launched in September 2013 with the aim of increasing competition in the marketplace. Although the proliferation of switching incentives in the marketplace has moved customers around to some degree, the main impact has been an increase in the cost of acquisition for providers. There is no expectation that this will change in the short to medium term.

The regulators are increasingly focused on innovation and competition. The Competition and Markets Authority (the "**CMA**") launched the UK open banking initiative ("**Open Banking**") in 2016 which has the aim of increasing transparency and fairness in the UK banking and financial services market. Open Banking requires financial institutions including the Bank, to provide (subject to the customer having provided consent) transactional information to registered third party organisations and also to make public and openly share product information, customer satisfaction scores and other service level indicators. The ability for customers to be able to access and share this information could change the competitive landscape; the regulator could mandate third party access for further products such as loans, insurance or mortgages allowing customers to easily compare products, and third parties could offer switching services to move products on customers' behalf on a regular basis. Open Banking may introduce new viable competitors to the market who have a different business model which may attract customers away from the Bank. The speed and scope of change to the competitive landscape will depend in part on how quickly and to what extent the Group and others implement Open Banking.

The Group may also make use of Open Banking either by developing its own proposition or working with a third party to do so. The implementation of any new offering could expose the Group to operational and third party risks (see the risk factors entitled "*The Group is exposed to operational risks related to systems and processes*", "*The Group is exposed to risks relating to the management of data*" and "*The Group's reliance and service arrangements with third party suppliers and affiliates exposes the Group to a range of potential operational and regulatory risks*").

Margins continue to come under pressure from economic uncertainty and low interest rates meaning traditional commercial models for PCA are at greater risk. Customers are turning more and more to digital to buy and service their financial products meaning that innovation is often started in the mobile channel first.

Any failure to manage the competitive dynamics to which it is exposed could have a material adverse impact on the Group's business, financial condition and results of operations. This in turn could affect the relevant Issuer's ability to fulfil its obligations under the Notes.

The Group is subject to the emerging risks associated with climate change

The risks associated with climate change are coming under an increasing focus, both in the UK and internationally, from governments, regulators and large sections of society. These risks include: physical risks, arising from climate and weather-related events of increasing severity and/or frequency; and transition risks resulting from the process of adjustment towards a lower carbon economy and liability risks arising from the Group, third party suppliers or customers experiencing litigation or reputational damage as a result of sustainability issues or inadequate compliance with any disclosure requirements.

Physical risks from climate change arise from a number of factors and relate to specific weather events and longer term shifts in the climate. The nature and timing of extreme weather events are uncertain but they are increasing in frequency and their impact on the economy is predicted to be more acute in the future. The potential impact on the economy includes, but is not limited to, lower GDP growth, changes in patterns of employment and significant changes in asset prices (including housing stock) and profitability of certain

industries. The physical risks could impact customer premises which could impact the value of the property and for business customers could lead to the disruption of business activity. In addition, the Group's premises and resilience may also suffer physical damage due to weather events leading to increased costs for the Group.

The move towards a low-carbon economy will also create transition risks, due to potential significant and rapid developments in the expectations of policymakers, regulators and society resulting in policy, regulatory and technological changes which could impact the Group. These risks may cause the impairment of asset values, impact the creditworthiness of clients of the Group, and impact defaults among retail customers (including through the ability of customers to repay their mortgages, as well as the impact on the value of the underlying property), which could result in currently profitable business deteriorating over the term of agreed facilities.

If the Group does not adequately embed the risks associated with climate change identified above into its risk framework to appropriately measure, manage and disclose the various financial and operational risks it faces as a result of climate change, or fails to adapt its strategy and business model to the changing regulatory requirements and market expectations on a timely basis, this could have an adverse impact on the Group's results of operations, financial condition and prospects.

In July 2020, the Bank set an ambition to become net zero in its Scope 1 and 2 emissions under the Greenhouse Gas Protocol. In January 2021, the Group committed to set targets in line with the Science Based Targets Initiative which commits the Group to developing a pathway to reduce its Scope 3 emissions under the Greenhouse Gas Protocol. Achieving this goal will require the Group to build a plan to address controllable carbon emissions by reducing emissions from the Group's operations, supply chain, and product base together with investment in accredited offsetting schemes. If the expenditure required to meet this ambition is substantial this could have an impact on the financial performance of the Group. In addition, any failure by the Group to achieve its ambition could cause reputational damage to the Group.

The Group is exposed to operational risks related to systems and processes

The Group's business is exposed to operational risks related to systems and processes, whether people related or external events, including the risk of fraud and other criminal acts carried out against the Group, including in relation to the banking operations services provided by third parties and affiliates.

The Group's business is dependent on processing and reporting accurately and efficiently a high volume of complex transactions across numerous and diverse products and services. The services, as well as the agreements under which they are provided, are highly complex. As a result, the Group faces the risk that the systems and processes that underpin the services may not function in the manner anticipated and necessary to deliver the required outcomes for customers. Any weakness in these systems or processes (including digital services to the Bank's customers and back office processing) or a failure or inability to prevent, effectively recover, and be resilient to material incidents could have an adverse effect on the Group's results and on its ability to deliver appropriate customer outcomes during the affected period. This could lead to customer detriment, losses through rectifications, remediation costs and reputational damage. As the Bank's customers' reliance upon cash reduces the potential impact of these risks increases. The occurrence of serious performance issues resulting in interruptions, delays, the loss or corruption of data or the cessation of the availability of systems could have a material adverse impact on the Group's financial condition and results of operations.

In addition, any breach in security of the Group's systems (or systems provided by or on behalf of third party providers of affiliates that support the services to the Group), for example from increasingly sophisticated attacks by cybercrime groups, could disrupt its business, result in the disclosure of confidential information and loss of data, result in increased fraudulent activity on customer accounts and customer detriment (leading to increased costs of remediation) and create significant financial and/or legal and/or regulatory exposure and the possibility of damage to the Group's reputation and/or brand.

In order to maintain adequate services and increase both traditional and digital product offerings to the Bank's customers and to be able to maintain or improve the operating systems of the Bank, the Group will need to successfully deliver changes to its services, systems and processes. The Group is subject to the risk that it may fail to deliver such changes or may deliver defective changes to the production services or processes of the Group which could result in disruption to existing services provided to customers and to the Group's operating and support systems and services. This risk is increased by the complexity of interlinked systems required to carry out banking services and could lead to business interruption, customer detriment, increased costs and regulatory investigation, intervention or sanction.

Any actual or perceived inadequacies, weaknesses or failures in the Group's systems or processes or data management could have a material adverse effect on the Group's business.

Any of the issues described above could affect the relevant Issuer's ability to fulfil its obligations under the Notes.

The Group is exposed to risks relating to the management of data

The Group receives, stores, processes and controls large amounts of data including personal data of its employees, third party suppliers and customers. The Group is subject to the risk that it may fail to maintain effective and robust controls in relation to the collection, storage, retention, use aggregation and reporting of data. Any weakness or failure in such controls could expose the Group to the risk that personal data (including customer personal data) is lost, misused, misinterpreted, incorrect or not available. Inadequate controls could also increase the Group's exposure to cybercrime groups and malware attack (for further detail, see the risk factor entitled "*The Group is exposed to operational risks related to systems and processes*"). Any inadequacy in data management could lead to a breach of data protection regulations or laws, customer detriment, incorrect reporting, losses through rectifications, regulatory sanction or fines and reputational damage. In particular, any failure to manage data properly could also lead to a breach of the General Data Protection Regulation (which has been supplemented in the UK by the Data Protection Act 2018 and was onshored in the UK through the EUWA, with adjustments as provided in the Data Protection, Privacy and Electronic Communications (Amendments etc.) (EU Exit) Regulations 2019) and lead to regulatory intervention and sanction (including significant fines) which could materially adversely affect the reputation and financial performance of the Group.

The Group's reliance on services arrangements with third party suppliers and affiliates exposes the Group to a range of potential operational and regulatory risks

Third party providers and certain affiliates provide critical IT and operational services such as infrastructure services (including data centres, management and maintenance), enterprise services (including desktop, printing, help desk), business services (including payments functionality, telephony, branch and digital) and operational services (including transactional and marketing print, facilities management and logistics), together with maintenance services for the Group's underlying software and account management services. There will be ongoing reliance on third party providers and their subcontractors to continue to provide these key services to the Group. Relying on these third party providers and affiliates to provide these services is a source of operational and regulatory risk. The Group has recently embarked on an extensive transition to direct relationships with many of the providers of services which were previously provided indirectly via a consolidated service provided by Sabadell Information Systems S.A.U and Sabadell Information Systems Limited (together, "**SABIS**"). This transition has reduced the number of suppliers ultimately supporting the Group in providing these services. The completion of this transition changed the nature of the risk faced by the Group, from reliance upon SABIS providing the consolidated services indirectly to the Group via numerous different providers with whom the Group did not have a direct relationship, to the risk that the Group is now directly responsible for providing the services and managing the direct relationships with a reduced number of third parties who support the Group with the provision of the services.

Events impacting the third party providers' and affiliates' ability to honour their contractual commitments to the Group, such as human errors, events of force majeure, insolvency or other triggers for their recovery or resolution or any failure of the underlying systems or infrastructure used by the third party providers or their subcontractors, could result in significant disruption (including in the delivery of services to the Group) and costs that adversely affect the overall operational performance, financial performance, financial position or prospects of the Group's business, as well as harm the Group's reputation or brand and/or attract increased regulatory scrutiny.

Any interruption to the services provided by third party providers could cause material damage to the Group's business. The Group may be required to take steps to protect the integrity of its operational systems, thereby increasing its operational costs. In addition, any problems caused by the third party providers or the affiliates could adversely affect the Group's ability to deliver products and services to customers and otherwise conduct its business which could lead to customer inconvenience or harm (whether actual or potential), reputational damage and regulatory investigations and intervention.

While the financial performance of third parties does not have a direct impact on the performance of the Group, any catastrophic deterioration in third parties' business, financial condition or results of operations could jeopardise the Group's ability to continue to operate and ultimately meet its regulatory threshold conditions. The provision of services by third party providers or affiliates is vital to the Group's ability operate its business. If third party suppliers were unable to continue to meet their obligations under the contracts or any other relevant arrangements, either due to an industry wide dislocation or to circumstances particular to a third party provider or affiliate, the consequences to the Group could be severe.

SABIS remains a supplier of IT services to the Group, but on a materially reduced scale. As SABIS is a fully owned subsidiary of Sabadell, the financial performance of SABIS may be impacted by any financial performance issues of Sabadell. However, the Group's resolution plans do include a number of solutions, should Sabadell's financial performance impact on its subsidiaries, including provisions in the contractual arrangements to ensure perpetual use of SABIS-owned software and, where Group elects to terminate the contractual arrangements, the service agreement provides the possibility of contracts and other assets transferring to the Group, or (subject to Sabadell's consent) allows the Group to acquire SABIS UK.

Replacing these third party providers or affiliates could also entail significant delays and expense. Further, the operational and regulatory risk the Group faces as a result of these arrangements may be increased to the extent that it restructures such arrangements. Any restructuring could involve significant expense to the Group and entail significant delivery and execution risk which could have a material adverse effect on the Group's operations, financial condition and prospects.

Any of the events described above could affect the relevant Issuer's ability to fulfil its obligations under the Notes.

The Group is exposed to reputational risk

The Group's operations also expose it to various forms of reputational impacts. Negative public opinion can result from the actual or perceived manner in which the Group conducts its business activities, from the Group's financial performance, the level of direct and indirect government support, actual or perceived practices in the banking and financial industry or allegations of misconduct or regulatory scrutiny or intervention. Negative public opinion may adversely affect the Group's ability to keep and attract customers, which may result in a material adverse effect on the Group's financial condition, results of operations or prospects. This in turn could affect the relevant Issuer's ability to fulfil its obligations under the Notes. Negative public opinion referenced in the media as "lack of trust" in banking can be impacted by actions of competitors across the industry as well as actions by the Group.

The TSB Franchise business is subject to risks relating to the cost and availability of liquidity and funding

Liquidity and funding is a key area of focus for the TSB Franchise (as defined below) business and the UK financial services industry as a whole. While the Group's current funding is primarily obtained through PCA and retail savings deposits, its funding needs are likely to increase and/or its funding structure may not continue to be efficient, giving rise, in both cases, to a requirement to raise wholesale funding (although PCA and retail savings deposits are expected to remain the primary source of the Group's funding for the foreseeable future).

The Group aims to maintain a prudent loan-to-deposit ratio, which means that the majority of its retail lending is funded by retail deposits. Medium-term growth in the Group's retail lending activities will therefore depend, in part, on the availability of retail deposit funding on acceptable terms, for which there may be increased competition and which is dependent on a variety of factors outside the Group's control. These factors include general macro-economic conditions and market volatility, the confidence of retail depositors in the economy, the financial services industry and in the Group, as well as the availability and extent of deposit guarantees. Availability of retail deposit funding may also be impacted by increased competition from other deposit takers as a result of their strategies or factors that constrain the volume of liquidity in the market, including, but not limited to, the end of the Bank of England's TFSME (see the risk factor entitled "*The Group faces risks from any tightening of monetary policy in the UK*"). Increases in the cost of retail deposit funding will impact the Group's margins and affect profit, and a lack of availability of retail deposit funding could have a material adverse effect on the Group's future growth.

Any loss in consumer confidence in the Group could significantly increase the amount of retail deposit withdrawals in a short space of time. In such a situation, the Group may be more exposed to customer withdrawals as a significant proportion of its liabilities are in instant access products. Should the Group experience an unusually high and/or unforeseen level of withdrawals, the Group may require greater non-retail sources of funding in the future, which it may be unable to access, which could in turn have a material adverse effect on the Group's financial condition and profitability.

While the Group does not currently rely heavily on wholesale funding, it may need to access wholesale markets to ultimately replace TFSME funding or where there is a residual funding requirement over and above funds held from, among other sources, PCAs and other customer deposits. If the wholesale funding markets were to be fully or partially closed, it is likely that wholesale funding would prove more difficult to obtain on commercial terms. Under such circumstances, the Group may be unlikely to be able to successfully deliver its growth strategy. Profound curtailments of central bank liquidity to the financial markets in connection with other market stresses, though unlikely, might have a material adverse impact on the Group's financial position and results of operations depending on the Group's funding position at that time.

Failure to manage these or any other risks relating to the cost and availability of liquidity and funding may compromise the Group's ability to deliver its growth strategy and, consequently, have a material adverse impact on the Group's business, financial condition and results of operations. This in turn could affect the relevant Issuer's ability to fulfil its obligations under the Notes.

The Group is subject to risks associated with its hedging and treasury operations, including potential negative fair value adjustments

The Group faces risks related to its customer-driven hedging operations. The Group engages in hedging activities, for example in relation to interest rate risk, in an attempt to limit the potential adverse effect of interest rate fluctuations on its results of operations. The Group's treasury operation has responsibility for managing the interest rate risk that arises through its customer facing business, management of its liquid asset buffer and investment of free reserves and interest rate insensitive deposit balances. Interest rate hedges for customer assets and liabilities are calculated using behavioural models. However, the Group does not hedge all of its risk

exposure and cannot guarantee that its hedging strategies will be successful because of factors such as behavioural risk, unforeseen volatility in interest rates or the decreasing credit quality of hedge counterparties in times of market dislocation. If its hedging strategies are not effective, the Group may be required to record negative fair value adjustments. Ineffective hedging strategies could further impact the Group's profit margins on its various products. Material losses from the fair value of financial assets would also have an adverse impact on the Group's capital ratios.

Through its treasury operations, the Group will hold liquid asset portfolios for its own account, exposing the Group to interest rate risk, basis risk and credit spread risk. To the extent that volatile market conditions occur, the fair value of the Group's liquid asset portfolios could fall more than estimated and cause the Group to record mark to market losses. In a distressed economic or market environment, the fair value of certain of the Group's exposures may be volatile and more difficult to estimate because of market illiquidity. Valuations in future periods, reflecting then prevailing market conditions, may result in significant negative changes in the fair value of the Group's exposures, which could have a material adverse impact on the Group's business, financial condition and results of operations.

Interest-rate insensitive personal current account ("**PCA**") and variable savings balances form a significant part of the Group's funding. The Group makes the assumption that these balances will have a maturity longer than overnight and they are currently invested, along with free reserves, in a rolling series of swaps that match these assumptions. A portion of PCAs and free reserves are considered to have a maturity of at least 10 years and have been invested in longer term interest rate swaps. The Group believes that the current, relatively low, level of five-year swap interest rates, coupled with the probability of their rising in advance of any increase in the Bank of England Base Rate, means that these balances are expected in future to generate a higher level of revenue than they do currently. However, if customer behaviour were to change significantly, PCA balances may become more volatile and may no longer be suitable for swaps of the current duration, which could have an adverse impact on the revenue generated by these balances. This could have a material adverse impact on the Group's business, financial condition and results of operations, which could in turn affect the relevant Issuer's ability to fulfil its obligations under the Notes.

Concentration of credit risk could increase the Group's potential for significant losses

Substantially all of the TSB Franchise business relates to customers in the UK. In the event of a disruption to the credit markets in the UK generally or economic conditions, including interest rates in the UK and levels of unemployment in Scotland, where the Group has significant presence, including the Bank's operations, this concentration of retail credit risk could cause the Group to experience greater losses than its less concentrated competitors.

While the Group regularly monitors its credit portfolios to assess potential concentration risk, efforts to divest, diversify or manage the Group's credit portfolio against concentration risks may not be successful and could result in an adverse impact on its business, financial condition and results of operations. This in turn could affect the relevant Issuer's ability to fulfil its obligations under the Notes.

The Group is exposed to risks from dealing with intermediaries

The Group is exposed to the risks inherent in dealing with intermediaries. For example, the Group has limited oversight of the intermediaries' interactions with prospective customers and, consequently, the Group faces certain risks related to the conduct of the mortgage intermediaries with which it does business. The intermediaries' incentives may not always align with the Group's, which could lead to a deterioration in the quality and performance of the Group's mortgage book. If mortgage intermediaries are found to have violated applicable conduct regulations or standards in the sale of the Group's mortgage products, the Group's brand and/or reputation could be harmed as a result. Any of these factors could have a negative impact on the Group's ability to meet its strategic objectives for its asset base and, consequently, its business, financial condition and

results of operations. This in turn could affect the relevant Issuer's ability to fulfil its obligations under the Notes.

The Conduct Indemnity may not cover all potential losses arising as a result of conduct-related issues

Pursuant to a separation agreement entered into on 9 June 2014 between Lloyds Bank plc ("**Lloyds Bank**"), the Bank and the Company (the "**Separation Agreement**"), the Bank and the Company benefit from an indemnity in respect of losses arising from acts or omissions pre-admission to the premium segment of the Official List and to trading on the London Stock Exchange's main market for listed securities of ordinary shares of the Company on 25 June 2014 (the "**Admission**") relating to TSB Franchise customer agreements or related loan guarantees/securities entered into pre-Admission constituting breaches of applicable laws and regulations (the "**Conduct Indemnity**"). While the Conduct Indemnity is broad and, save in certain limited circumstances, uncapped, there are and will be limits to its coverage. For example, credit losses arising as a result of matters that are covered by the Conduct Indemnity will only be recoverable in certain circumstances.

In addition, while the terms of the Conduct Indemnity provided for a "grace period" after Admission during which, subject to certain conditions, losses arising as a result of the continued use by the Group of practices, policies and procedures inherited from Lloyds Banking Group plc and its associated and subsidiary undertakings (the "**Lloyds Banking Group**") would be recoverable, the "grace period" has expired and, therefore any acts and omissions of the Group following its expiry, including those taken in reliance on such practices, policies and procedures inherited from Lloyds Banking Group, will fall outside the scope of the Conduct Indemnity. Claims made by the Bank pursuant to the Conduct Indemnity may be disputed and there can be no guarantee that the Conduct Indemnity will be found to be applicable in all cases. Claims on the Conduct Indemnity are subject to the continuing solvency of Lloyds Bank. The Bank is also under a general obligation to mitigate losses that might fall within the scope of the Conduct Indemnity – this limitation becomes increasingly relevant as more time elapses between the Admission and the date of any claim, given the level of opportunity that the Bank may have had to remedy any underlying issues.

In addition, the Bank, and consequently the Group, may be exposed to conduct-related risks and losses that fall outside the scope of the Conduct Indemnity that could have a material adverse impact on their reputation, business, results of operations and financial position, which could in turn affect the relevant Issuer's ability to fulfil its obligations under the Notes.

The Systems and Procedures Indemnity may not cover all potential losses arising as a result of systems and procedures-related issues

Under the Separation Agreement, the Bank and the Company also benefit from an indemnity in respect of losses arising from pre-Admission:

(i) acts or omissions that, taken together, constitute a persistent or systematic material breach of or material failure to comply with the terms and conditions applicable to any TSB Franchise customer agreements or related loan guarantees/securities entered into pre-Admission; or

(ii) persistent or systemic failure of or inaccuracy in the systems and procedures inherited by the Bank and the Company that causes or has caused them to incorrectly calculate, identify, collect, pay, receive or communicate any material amount owed or to be paid under or in respect of a TSB Franchise customer agreement or related loan guarantee/security entered into pre-Admission (together, the "**Systems and Procedures Indemnity**").

While the Systems and Procedures Indemnity is broad and, save in certain limited circumstances, uncapped, it will not apply unless the losses relating to an indemnity claim (or series of claims arising from substantially identical facts or circumstances) exceed £1 million. There are and will also be other limits to its coverage, claims made may be disputed and there can be no guarantee that the indemnity will be found to be applicable

in all cases. Claims are also subject to the continuing solvency of Lloyds Bank. The Bank is also under a general obligation to mitigate losses that might fall within the scope of the Systems and Procedures Indemnity. This limitation becomes increasingly relevant as more time elapses between the Admission and the date of any claim, given the level of opportunity that the Bank may have had to remedy any underlying issues.

In addition, the Bank and consequently, the Group, may be exposed to systems and procedures-related risks and losses that fall outside the scope of the Systems and Procedures Indemnity that could have a material adverse impact on their reputation, business, results of operations and financial position, which could in turn affect the relevant Issuer's ability to fulfil its obligations under the Notes.

Risks relating to the legal and regulatory environment in which the Group operates

The Group faces risks associated with its operations' compliance with a wide range of laws and regulations

The Group's operations must comply with numerous laws and regulations and, consequently, it faces risks, including but not limited to:

- continued high level of scrutiny of the treatment of customers by financial institutions from regulatory bodies, the press and politicians; the FCA in particular continues to focus on retail conduct risk issues, as well as conduct of business activities through its supervision activity;
- the possibility of alleged mis-selling of financial products or the mishandling of complaints, or alleged harm to customers, related to the sale or servicing of such products by or attributed to an employee of the Group may result in disciplinary action or requirements to amend sales or servicing processes, withdraw products or provide restitution to affected customers, all of which may require additional provisions;
- certain aspects of the Group's business may be determined by the relevant authorities, the Financial Ombudsman's Service ("**FOS**") or the courts not to have been conducted in accordance with applicable local or, potentially, overseas laws or regulations or, in the case of the FOS, with what is fair and reasonable in the Ombudsman's opinion;
- a potential failure of processes, systems or security may expose the Group to heightened financial crime and/or fraud risk; the PRA, Bank of England and FCA continue to focus on the operational resilience of firms and financial markets infrastructures;
- contractual obligations may either not be enforceable as intended or may be enforced against the Group in an adverse way;
- the intellectual property of the Group (including trade marks) may not be adequately protected or enforceable, and the conduct of the Group's business may infringe the intellectual property of third parties;
- the Group may be liable for damages to third parties harmed by the conduct of its business and the Group's own business or reputation could be impacted where it has engaged a third party and there is a failure in the processes, security or systems of such third party; and
- regulatory proceedings and private litigation may arise out of regulatory investigations, enforcement actions or otherwise (brought by individuals or groups of plaintiffs) in the UK and other jurisdictions.

In April 2018, the Group experienced issues with its IT system, including availability and functionality issues following the data migration to the SABIS platform, which led to a significant increase of customer complaints and negative press coverage. The Board of Directors of the Bank asked Slaughter and May to carry out an

independent review. The final report was published in November 2019. The joint FCA/PRA regulatory investigation that was announced in June 2018 is still on-going and it is not yet possible to determine its outcome.

During 2020, management and the FCA commenced a review of support treatments offered to some customers who are, or were, in arrears and being serviced by TSB's collections and recoveries department. While not yet complete, this has identified an indicative early view of potentially impacted customers over a period from 2013 to 2020 who may have suffered either financial loss or distress and inconvenience. The assessment of the potential cost of customer redress, including compensatory interest, and related operational costs are estimated to lie within a range of £53.1 million to £57.4 million and are dependent on the assumed rates of redress and range of remediation strategies deployed. A provision of £55.0 million has been recognised and is expected to be utilised over the next two to three years. As the assessment of the potential costs of redress continues to take place, estimating the amount of the provision requires judgement, particularly with respect to the number of customers who may have been affected, the estimated financial loss suffered by customers and the estimated rates of redress. It is not yet possible to conclude whether there will be any further regulatory intervention and therefore no costs for an estimated regulatory penalty have been recognised in the 2020 financial statements of the Group.

Legal and regulatory actions pose a number of risks to the Group, including substantial monetary damages or fines. Provisions included within the published financial statements of the Group for ongoing legal or regulatory matters have been recognised, in accordance with IAS 37 ("*Provisions, Contingent Liabilities and Contingent Assets*"), as the best estimate of the expenditure required to settle the obligation as at the reporting date. Such estimates may be material, difficult to quantify and uncertain. Amounts which the Group is eventually liable to pay may be materially different to the amount of provisions set aside to cover such risks, or existing provisions may need to be materially increased to cover such risk or in response to changing circumstances.

Provisions have not been taken where no obligation has been established, whether associated with a known or potential future litigation (including as a result of claims management activity), regulatory or FOS matter. Accordingly, an adverse decision in any such matters could result in significant losses to the Group which have not been provided for. Such losses would have an adverse impact on the Group's business, financial condition and results of operations.

In addition, the Group may be subject to customer redress obligations, other penalties and injunctive relief, civil or private litigation arising out of a regulatory investigation, the potential for criminal prosecution in certain circumstances and regulatory restrictions on the Group's business. All of these issues could have a negative effect on the Group's reputation and the confidence of its customers in the Group, as well as taking a significant amount of management time and resources away from the implementation of the Group's strategy. While certain economic protection against losses arising out of certain historical conduct issues in relation to the portfolio of mortgages held by the Bank excluding ex-Northern Rock residential mortgages (and linked unsecured loans) acquired from Cerberus Capital Management (the "**Whistletree Portfolio**") (the "**TSB Franchise**") is provided by the Conduct Indemnity (as defined above) given to the Bank and the Company by Lloyds Bank under the Separation Agreement, this indemnity may not cover all impacts of such historical conduct issues. There is no equivalent indemnity from Cerberus Capital Management.

The Group may settle litigation or regulatory proceedings prior to a final judgment or determination of liability to avoid the cost, management efforts or negative business, regulatory or reputational consequences of continuing to contest liability, even when the Group believes that it has no liability or when the potential consequences of failing to prevail would be disproportionate to the costs of settlement. Furthermore, the Group may, for similar reasons, reimburse counterparties for their losses even in situations where the Group does not believe that it is legally compelled to do so. Failure to manage these risks adequately could materially affect the Group, both financially and in terms of its reputation.

Any of these risks, should they materialise, could have an adverse impact on the Group's business, financial condition and results of operations. This in turn could affect the relevant Issuer's ability to fulfil its obligations under the Notes.

The Group is subject to substantial and changing prudential regulation

The Group faces risks associated with an uncertain and rapidly evolving prudential regulatory environment, pursuant to which it is required, among other things, to maintain adequate capital resources and to satisfy specified Pillar 2 requirements, buffer requirements and capital ratios and leverage and liquidity requirements at all times. The Group's borrowing costs and regulatory capital, leverage and liquidity requirements could be affected by these prudential regulatory developments, which include (i) the legislative package comprising the amended Capital Requirements Directive (2013/36/EU) (the "**CRD**") and Capital Requirements Regulation (575/2013) (the "**CRR**") (collectively, the "**CRD IV**"), each as implemented in the UK and as they form part of domestic law by virtue of the EUWA, implementing the proposals of the Basel Committee on Banking Supervision (known as Basel III) and other regulatory developments impacting capital, leverage and liquidity positions and (ii) the Bank Recovery and Resolution Directive 2014/59/EU (the "**BRRD**"), as implemented in the UK and as it forms part of domestic law by virtue of the EUWA, which established an EU-wide framework for the recovery and resolution of credit institutions and investment firms. The CRD requirements were implemented in the UK before the UK's exit from the EU; the UK framework was then amended to reflect the UK's exit from the EU. The CRR has been onshored in the UK by the Capital Requirements (Amendment) (EU Exit) Regulations 2018 (as amended). The implementation of various banking reform initiatives (see "*Supervision and Regulation - EU Banking Reforms*") and any future unfavourable regulatory developments could have a material adverse effect on the Group's business, results of operations and financial condition. Further, as well as being subject to UK regulation, as its parent is Sabadell, the Company and the Group are also impacted indirectly by the *Banco de España* and, at a corporate level, by the ECB (following the introduction of the Single Supervisory Mechanism in November 2014). Following Brexit, these regimes could diverge over time and it is possible the Company and the Group may be required to comply with both regulatory regimes. These factors in turn could affect the relevant Issuer's ability to fulfil its obligations under the Notes.

Capital requirements under CRD IV

CRD IV introduced significant changes in the prudential regulatory regime applicable to banks with many of the measures taking effect from 1 January 2014, including: increased minimum levels of capital and additional minimum capital buffers; enhanced quality standards for qualifying capital; increased risk weighting of assets, particularly in relation to market risk and counterparty credit risk; and the introduction of a minimum leverage ratio. Following its implementation, CRD IV has been further amended. CRD IV requirements adopted in the United Kingdom may change, including as a result of regulatory technical standards developed by the European Banking Authority (the "**EBA**") notwithstanding that they do not form part of UK law, as well as changes to the way in which the Prudential Regulation Authority (the "**PRA**") continues to interpret and apply these requirements to UK banks (including as regards individual model approvals or otherwise). Such changes, either individually and/or in aggregate, may lead to further unexpected enhanced requirements in relation to the Group's capital, leverage, liquidity and funding ratios or alter the way such ratios are calculated.

A market perception or actual shortage of capital issued by the Group could result in governmental actions, including requiring the Group to issue additional Common Equity Tier 1 securities, requiring the Group to retain earnings or suspend dividends or issuing a public censure or the imposition of sanctions. This may affect the Group's capacity to continue its business operations, generate a return on capital, pay future dividends or pursue acquisitions or other strategic opportunities, impacting future growth potential (for further detail, see the risk factor entitled "*The Group is subject to the risk of having insufficient capital resources and/or not meeting liquidity requirements*"). If the Group is unable to raise this capital, this could affect the relevant Issuer's ability to fulfil its obligations under the Notes.

MREL requirements under the Bank Recovery and Resolution Directive

In addition to the capital requirements under CRD IV, the BRRD requires that all institutions must meet an individual minimum requirement for own funds and eligible liabilities ("**MREL**") set by the relevant resolution authorities on a case-by-case basis. Items eligible for inclusion in MREL will include an institution's own funds, along with "eligible liabilities". Although the provisions of the BRRD transposed into UK law relating to MREL took effect from the 1 January 2016, the Bank of England is able to determine an appropriate transitional period for an institution to reach its end-state MREL. The Bank of England's Statement of Policy entitled "*The Bank of England's approach to setting a minimum requirement for own funds and eligible liabilities (MREL)*" published in June 2018 sets out the Bank of England's policy for exercising its power to direct institutions to maintain a minimum requirement for MREL under section 3A(4) of the Banking Act (as defined below). The Bank of England set out in the paper what the prospective MREL requirements might be. UK resolution entities which are not global or domestic systemically important banks will be required to meet an interim MREL of 18 per cent. of their Risk Weighted Assets and, from 1 January 2023 (subject to a review by the Bank of England by the end of 2020 (which has now been delayed until the end of 2021)), if bail-in is the appropriate resolution strategy for them, a UK resolution entity would be required to meet an external MREL equivalent to the higher of:

- two times the sum of the Pillar 1 and Pillar 2A; or
- if subject to a leverage ratio requirement, two times the applicable requirement.

In its Supervisory Statement SS16/16 of December 2017, the PRA confirmed that capital cannot be 'double-counted' towards capital and leverage buffers and MREL.

In respect of resolution entities which form part of a resolution group, the Statement of Policy states that for internal MREL (a category the Group falls in), the above requirement will be multiplied with a scalar (75 per cent.– 90 per cent. scaling adjustment to the MREL requirement that would otherwise apply). For ring-fenced banks, the scale is likely to be 90 per cent. as a starting point unless the Bank of England is satisfied that the bank has sufficient readily-deployable resources to justify moving to a lower calibration in the 75 per cent. to 90 per cent. range.

On 7 May 2020, the Bank of England announced that 2021 MREL requirements would reflect the PRA's policy changes to Pillar 2A capital setting announced on the same date. The Bank of England released a discussion paper on 18 December 2020 regarding its approach to setting MREL as a first stage of its expected MREL review and indicated that the review will complete in 2021, not 2020 as initially planned. The Bank of England confirmed in this discussion paper that it considers it appropriate for mid-tier credit institutions to be given a longer timeframe within which to meet higher MREL requirements, and confirmed its view that for global or domestic systemically important banks a bail-in resolution strategy remains appropriate and its commitment that such firms be resolvable by 2022.

The BRRD and MREL requirements adopted in the United Kingdom may change, whether as a result of further changes to the way in which the Bank of England continues to interpret and apply these requirements to UK banks or otherwise.

Until these measures are finally applied to the Group, it is not possible to determine the ultimate scope and nature of any resulting obligations for the Group, nor the impact that they will have on the Group once implemented. It is likely that the Issuers will need to issue further MREL eligible liabilities in order to meet the new requirements within the required timeframes and/or alter the quantity and type of internal capital and funding arrangements within the Company and/or the Group. During periods of market dislocation, or when there is significant competition for the type of funding that the Group needs, a requirement to increase the

relevant Issuer's MREL eligible liabilities in order to meet MREL targets may prove more difficult and/or costly.

More generally, these requirements could increase the Group's costs and may lead to asset sales and/or other balance sheet reductions. The effects of these proposals could all adversely impact the results of operations, financial condition and prospects of the Group and, in turn, adversely affect the value of the Notes.

Banking Act 2009

The Banking Act 2009 (the "**Banking Act**") includes provision for a special resolution regime pursuant to which specified UK authorities have extended tools to deal with the failure (or likely failure) of certain UK-incorporated entities, including authorised deposit-taking institutions and investment firms, and powers to take certain resolution actions in respect of third country institutions. In addition, powers may be used in certain circumstances in respect of UK established banking group companies where such companies are in the same group as a relevant UK or third country institution. See *"Supervision and Regulation – the Banking Act, the SRR and the BRRD"*

As a result of the BRRD providing for the establishment of an EEA-wide framework for the recovery and resolution of credit institutions and investment firms and any relevant national implementing measures, it is possible that an institution with its head office in an EEA state and/or certain group companies could be subject to certain resolution actions in that other state. Once again, any such action may affect the ability of any relevant entity to satisfy its obligations under the transaction documentation relating to the Notes and there can be no assurance that the Noteholders will not be adversely affected as a result.

Financial Services (Banking Reform) Act 2013

The Financial Services (Banking Reform) Act 2013 (the "**Banking Reform Act**") has enacted a number of reforms primarily related to the UK banking sector, including the ring-fencing of certain activities. The secondary legislation setting out the detail of the ring-fencing regime exempts from ring-fencing those banks whose 'core deposits' (as defined in the secondary legislation and assessed on a group wide basis) do not exceed £25 billion as a rolling average over a three-year period. 1 January 2019 marked the date by which the largest UK banking groups were required to have implemented the 'ring-fencing' – or separation – of their UK retail business from their international and investment banking business. The Group is within the scope of application of the ring-fencing obligations. In its business plan for 2018/19, published in April 2018, the PRA stated that "in the coming year" it would begin a programme of activities to test the effectiveness of the arrangements put in place by banks to meet their ring-fencing obligations. This will include an examination of the policies, governance and control arrangements. HM Treasury has appointed an independent panel to review the operation of the ring-fencing regime. The Terms of Business of the independent panel published on 2 February 2021 state that the panel should aim to finalise its written report to HM Treasury within one year of the beginning of the reviews.

The Group's structure, governance arrangements, business and reporting models, operations, costs and financing arrangements could be affected by amendments to the Banking Reform Act or to the secondary legislation and rules, supervisory statements and other materials implementing the ring-fencing regime, or by a finding that the arrangements it has put in place do not meet the expectations of the PRA. This could result in the Group incurring additional costs or otherwise affect the Group's reputation, business, financial condition, results of operation and relations with customers. This in turn could affect the relevant Issuer's ability to fulfil its obligations under the Notes.

The Group is subject to substantial and changing conduct regulations

The Group is exposed to many forms of conduct risk, which may arise in a number of ways. In particular:

- certain aspects of the Group's business may be determined by its regulators, including the FCA, the PRA, HM Treasury, the FOS, the Competition and Markets Authority (the "**CMA**") or the courts, as not being conducted in accordance with applicable local or, potentially, overseas laws or regulations, or, in the case of the FOS, with what is fair and reasonable in the Ombudsman's opinion. If the Group fails to comply with any relevant regulations, there is a risk of an adverse impact on its business and reputation due to sanctions, fines or other actions imposed by the regulatory authorities;

- the Group may be subject to allegations of mis-selling of financial products, including as a result of having sales practices and/or reward structures in place that are determined to have been inappropriate and/or failures in customer servicing or causing customer harm, which may result in disciplinary action (including significant fines) or requirements to amend sales or servicing processes, withdraw products or provide restitution to affected customers, any or all of which could result in the incurrence of significant costs, may require provisions to be recorded in the Group's financial statements and could adversely impact future revenues from affected products;

- the continued focus on the operational resilience of firms; on 15 December 2020, the PRA published a 'Dear CEO' letter noting that operational risk remains a key priority for the PRA in 2021 and firms should continue to prepare for operational disruptions and ensure that risk and control frameworks are operating effectively. During 2021, the PRA will set out expected standards for operational resilience and firms will be expected to consider how they will meet those standards. In addition, the FCA reiterated that operational resilience was one of its four priority areas for supervision of retail banks in its 'Dear CEO' letter published on 5 February 2021 (the "**FCA Dear CEO Letter**");

- the other priority areas of FCA supervision of retail banks as set out in the FCA Dear CEO Letter including ensuring fair treatment of borrowers (including those in financial difficulties), ensuring good governance and oversight of customer treatment and outcomes during business change, and minimising fraud and other forms of financial crime;

- the Group may be liable for damages to third parties harmed by the manner in which the Group has conducted one or more aspects of its business and the Group's own business or reputation could be impacted where it has engaged a third party and there is a failure in the processes, security or systems of such third party.

The Group is also exposed to specific forms of conduct risk which arise specifically in relation to its residential mortgage lending business.

Failure to manage these risks adequately could lead to significant liabilities or reputational damage and damage to the Group's brand, which could have a material adverse effect on its business, financial condition, results of operations and relations with customers. This in turn could affect the relevant Issuer's ability to fulfil its obligations under the Notes.

The Group must comply with anti-money laundering, anti-bribery and sanctions regulations

The Group is subject to laws and regulations that are in place to prevent financial crime, including money laundering, the facilitation of bribery and corruption and the financing of terrorism, as well as the circumvention of applicable sanctions regimes. Monitoring compliance with anti-money laundering, anti-bribery rules and sanctions regulations can put a significant financial burden on banks and other financial institutions and requires significant technical capabilities. In recent years, enforcement of these laws and regulations against financial institutions has become more aggressive, resulting in several landmark fines against UK financial institutions. In addition, the Group cannot predict the nature, scope or effect of future regulatory requirements to which it might be subject or the manner in which existing laws might be administered or interpreted. The Group maintains robust policies and standards to comply with financial crime laws and regulations and sanctions

regulations; however, this alone cannot completely prevent situations of money laundering or bribery, including actions by the Group's employees, for which the Group might be held responsible. Any of such events may have severe consequences, including sanctions, fines and reputational consequences, which could have a material adverse effect on the Group's financial condition and results of operations. This in turn could affect the relevant Issuer's ability to fulfil its obligations under the Notes.

The Group is subject to the risk of having insufficient capital resources and/or not meeting liquidity requirements

If the Group fails, or is perceived to be likely to fail, to meet its minimum regulatory capital, liquidity or MREL requirements (including in connection with any stress tests performed by the Bank of England or other authorities), then it may be subject to regulatory interventions and sanctions. Any actual or perceived failure to meet regulatory requirements or actual or perceived weakness in financial position compared to other institutions could give rise to a loss of confidence from customers, counterparties and investors. Consequently, customers may withdraw deposits and counterparties and investors may not wish to transact with the Group or may only be willing to do so on less favourable terms meaning the sources of capital and funding could become more expensive, unavailable, or constrained. This may impact the Group's business operations, strategic opportunities and, in turn, future growth potential.

A shortage of capital could arise due to various factors which are not all within the control of the Group. Those factors include the Group being required to hold an increased amount of capital either due to an increased level of risk faced by the Group or changes in law and regulation (including changes to the current minimum capital requirements or changes to how the Group is required to calculate its capital or the risk weightings applied to its assets). It is also possible that capital held by the Group could be reduced by increased costs of liabilities and/or reduced asset values arising due to the crystallisation of risks including credit risk, regulatory risk, legal risk, conduct risk and operational risk.

The various actions the Group may take to address a shortage of capital includes implementing measures to reduce leverage exposures and/or risk weighted assets or raising additional capital. Such actions and their associated costs may impact the profitability of the Group, which in turn could affect the relevant Issuer's ability to fulfil its obligations under the Notes.

The Group is subject to the potential impacts of banking reform initiatives

In recent years, the relevant regulatory authorities in the UK have proposed (and in some cases have commenced implementation of) dramatic reforms to many aspects of the banking sector, including, among others, institutional structure, resolution procedures and deposit guarantees. While the impact of these regulatory developments remains uncertain, the Group expects that the evolution of these and future initiatives could have an impact on its business. This in turn could affect the relevant Issuer's ability to fulfil its obligations under the Notes. Further, the UK's departure from the European Union has resulted in uncertainty around the future regulatory environment in the UK and it is possible that the laws and regulations applicable to financial services in the UK could diverge from those in the European Union over time. See further "*The Group is exposed to risks related to any political and economic changes as a result of the withdrawal of the UK from the European Union*".

The Group is responsible for contributing to compensation schemes such as the UK Financial Services Compensation Scheme (the "**FSCS**") in respect of banks and other authorised financial services firms that are unable to meet their obligations to customers. Further provisions in respect of these costs are likely to be necessary in the future. The ultimate cost to the industry, which will also include the cost of any compensation payments made by the FSCS and, if necessary, the cost of meeting any shortfall after recoveries on the borrowings entered into by the FSCS, remains uncertain but may be significant and may have a material effect on the Group's business, results of operations and financial condition.

In April 2014, the EU Deposit Guarantee Schemes Directive (2014/49/EU) (the "**EU DGSD**") was adopted and EU Member States (which included the UK at the relevant time) had until 3 July 2015 to implement most of it into national law. The EU DGSD requires EU Member States to ensure that by 3 July 2024 the available financial means of the deposit guarantee schemes regulated by it reach a minimum target level of 0.8 per cent. of the covered deposits of its members and national schemes are to be funded through regular contributions before the event (*ex-ante*) to the deposit guarantee schemes. Under the EU DGSD, in case of insufficient ex-ante funds, the deposit guarantee scheme will collect immediately after the event (*ex-post*) contributions from the banking sector and as a last resort it will have access to alternative funding arrangements such as loans from public or private third parties. The EU DGSD requirements were implemented in the UK before the UK's exit from the EU, with further clarification provided through The Deposit Guarantee Scheme and Miscellaneous Provisions (Amendment) (EU Exit) Regulations 2018.

Amongst other compensation, the FSCS provides for a qualifying temporary high balance deposit protection, up to £1 million, for up to six months from when the amount was first deposited for certain limited types of deposits. The standard depositor protection limit is £85,000 per person per firm for claims against firms declared in default from 1 January 2017. It is possible that future FSCS levies on the Group may differ from those at present, and such reforms could result in the Group incurring additional costs and liabilities, which may adversely affect its business, financial conditions and/or results of operations. In November 2018, the FSCS published its strategy outlining its priorities for the 2020s, which set out four strategic priorities (Prepare, Protect, Promote and Prevent) for the next few years. The FSCS will set out further details each year in its plan and budget.

In June 2017, the PRA published a policy statement relating to residential mortgage risk-weights, including proposals to align firms' 'internal ratings based' ("**IRB**") modelling approaches for residential mortgage risk-weighted assets, and sets out a number of modifications to the IRB modelling methodologies for residential mortgages. The PRA has set the expectation for firms to update IRB models by the end of December 2021. On 14 May 2020, the PRA published a policy statement on probability of default and loss given default estimation for credit risk (PS11/20). In PS11/20, the PRA provides feedback to its September 2019 consultation paper (CP21/19) which consulted on proposals to implement the EBA's regulatory products that relate to the probability of default and loss given default estimation. The provisions in this policy will take effect on 1 January 2022. The PRA also published a consultation paper on 30 September 2020 (CP 14/20) which sets out proposals to introduce new expectations on the IRB approach for UK mortgage risk weights. The purpose of these proposals is to address the prudential risks stemming from inappropriately low IRB UK mortgage risk weights, to narrow differentials between the IRB and standardised approach UK mortgage risk weights, and to limit future divergence. The PRA considers that this would support competition between firms on the different approaches. This consultation closed on 30 January 2021.

CRD V and CRR II

In November 2016, the European Commission ("**EC**") published a package of proposed amendments to CRD IV / CRR (CRD V and CRR II, respectively). Following the EC's proposals, CRD V and CRR II entered into force on 27 June 2019. CRD V applied from 29 June 2020 and CRR II will largely apply from 28 June 2021.

The amendments seek to implement some of the remaining aspects of Basel III and reforms which reflect EC findings on the impact of CRD IV on bank financing of the EU and UK economies. Certain of the proposed changes such as new market risk rules, standardised approach to counterparty risk, details on the leverage ratio and net stable funding requirements and the tightening of the large exposures limit will particularly impact capital requirements.

The final capital framework to be established in the European Union and the United Kingdom under CRD V / CRR II differs from Basel III in certain areas. In December 2017, the Basel Committee finalised further changes

to the Basel III framework which include amendments to the standardised approaches to credit risk and operational risk and the introduction of a capital floor. In January 2019, the Basel Committee published revised final standards on minimum capital requirements for market risk.

The arrangements were originally to take effect from 1 January 2022, with some standards subject to five-year phase-in arrangements, but this was extended in June 2020 to apply from 1 January 2023 as part of the European Union's response to the COVID-19 pandemic. The UK has indicated that it is committed to implementing international standards and will adjust the UK implementation timetable to reflect the delay. On 16 November 2020, the PRA confirmed in a joint statement with HM Treasury and the FCA that the above statement still applies in respect of the outstanding Basel III standards, save that it is targeting an implementation date of 1 January 2022 for those Basel III reforms which make up the UK equivalent to the outstanding elements of the CRR included in CRR II.

The changes may have an impact on incentives to hold the Notes for investors that are subject to CRD V and CRR II and, as a result, they may affect the liquidity and/or value of the Notes.

The Group is exposed to risks related to any political and economic changes as a result of the withdrawal of the UK from the European Union

The withdrawal of the UK from the European Union continues to create significant political and economic uncertainty.

Due to the size and importance of the UK economy and its financial services sector in the global economy, as well as continued uncertainty concerning the UK's future legal, political, financial and economic relationship with the European Union, there may continue to be instability in the UK and international financial markets, significant currency fluctuations and otherwise adverse effects on consumer confidence for the foreseeable future.

The regulatory environment that applies to financial services in the UK is in large part derived from European Union financial services legislation. The UK incorporated most of the existing European Union law into UK law at the moment before the end of the implementation period (31 December 2020), with the intention of limiting immediate legal change. The EUWA also grants the UK government wide powers to make secondary legislation in order to, among other things, adapt retained European Union law that would otherwise not function sensibly once the UK left the European Union with minimal parliamentary scrutiny. The secondary legislation made under those powers would be able to do anything that could be done by an act of Parliament. Over time, however – and depending on the terms of the UK's future relationship the European Union – it is likely that English law will diverge away from European Union law and significant changes, including in relation to UK financial services legislation and the regulatory environment in with the Group operates, are likely. Although the Group is a UK regulated, ring-fenced bank, such changes are difficult to predict and could have an impact on the business of the Group and in turn affect the relevant Issuer's ability to fulfil its obligations under the Notes.

Prospective investors should also note that the regulatory position of the Notes may be affected as a result of provisions under the current regime which restrict the availability of preferential treatment (including with respect to investment limits, regulatory capital and liquidity standards) to notes issued by a credit institution with its registered office in an EEA state. Investors in the Notes are responsible for analysing their own regulatory position and none of the Issuers or the Arranger makes any representation to any prospective investor regarding the regulatory treatment of their investment at the time of investment or at any time in the future.

The Group is subject to substantial and increasing industry-wide regulatory and governmental oversight

In addition to the promulgation of new legislation and regulation, the UK government, the PRA, the FCA and other regulators in the UK, the European Union and overseas have in recent years become substantially more interventionist in their application and monitoring of certain regulations and they may intervene further in relation to areas of industry risk already identified, or in new areas, which could affect the Group. At the same time the UK government is focused on identifying regulatory divergence opportunities which would improve the UK's international competitiveness.

Areas where regulatory changes could have an adverse effect on the Group include, but are not limited to:

- general changes in government, central bank or regulatory policy, or changes in regulatory regimes, including changes that apply retroactively, that may influence investor decisions in particular markets in which the Group operates, which may change the structure of those markets and the products offered or may increase the costs of doing business in those markets;
- regulatory changes and market developments in relation to benchmark reform and risk-free rates;
- external bodies applying or interpreting standards or laws differently to those applied by the Group;
- one or more of the Group's regulators intervening to mandate the pricing of certain of the Group's products as a consumer protection measure;
- one or more of the Group's regulators intervening to prevent or delay the launch of a product or service, or prohibiting an existing product or service;
- changes in competitive and pricing environments, including changes to interchange fees receivable on debit and credit card transactions;
- further requirements relating to financial reporting, corporate governance, conduct of business and employee remuneration;
- changes to regulation and legislation relating to economic and trading sanctions, money laundering and terrorist financing;
- CMA market studies or investigations, FCA market studies or payment systems regulator market studies potentially resulting in a range of measures, including behavioural and/or structural remedies;
- changes in business strategy, particularly impacting the rate of growth of the business; and
- changes to conditions imposed on the sales and servicing of products, which have the effect of making such products unprofitable or unattractive to sell.

The Group, in common with much of the UK and European financial services industry, continues to be the focus of significant regulatory change and scrutiny. This has led to a more intensive approach to supervision and oversight, increased expectations and enhanced regulatory requirements. As a result, regulatory risk will continue to require senior management attention and consume significant levels of business resources. Furthermore, as enhanced supervisory standards are developed and implemented, this more intensive approach and the enhanced regulatory requirements, along with uncertainty and the extent of international regulatory co-ordination (particularly resulting from the UK's withdrawal from the European Union; see further "*The Group is exposed to risks related to any political and economic changes as a result of the withdrawal of the UK from the European Union*"), may adversely affect the Group's business, capital and risk management strategies and/or may result in the Group deciding to modify its legal entity structure, capital and funding structures and

business mix or to exit certain business activities altogether or to determine not to expand in areas despite their otherwise attractive potential.

The Group continually assesses the impacts of legal and regulatory developments which could have an effect on it and will participate in relevant consultation and calibration processes undertaken by the various regulatory and other bodies. Implementation of the foregoing regulatory developments could result in additional costs or limit or restrict the way that the Group conducts business, although uncertainty remains about the details, impact and timing of these reforms. Enhanced supervisory standards and a more intensive approach to supervision and oversight, as well as the Group's failure to comply with enhanced regulatory requirements, may adversely affect the Group's business, capital and risk management strategies. This in turn could affect the relevant Issuer's ability to fulfil its obligations under the Notes.

Changes to accounting policies or in accounting standards could materially affect the Group's capital ratios, how it reports its financial condition and results of operations

From time to time, the International Accounting Standards Board (the "**IASB**") and/or the United Kingdom change UK IAS, the standards that will govern the preparation of the financial statements of the Bank and the Company for the year ending 31 December 2021. These changes can be difficult to predict and could materially impact recording and reporting of financial condition and results of operations. In some cases, the Group could be required to apply a new or revised standard retroactively, resulting in restating prior period financial statements.

The IASB may make changes to financial accounting and reporting standards that govern the preparation of the Group's financial statements, which the Group may adopt prior to the date on which such changes become mandatory if determined to be appropriate by the Group. Any such change in the Group's accounting policies or accounting standards could materially affect its reported financial condition and results of operations. This in turn could affect the relevant Issuer's ability to fulfil its obligations under the Notes.

The Group's accounting policies are critical to how it reports its financial condition and results of operations. They require the Group to make estimates about matters that are uncertain.

Devolution of certain tax powers to the Scottish Parliament

The Scotland Act 2016 passed control of certain aspects of income tax to the Scottish Parliament by giving it the power to raise or lower the rate of income tax and thresholds for non-dividend and non-savings income of Scottish residents. The power of the Scottish Parliament to control income tax mean that borrowers in Scotland are subject to a different rate of income tax from borrowers in the same income bracket in England, Wales and Northern Ireland, which may affect some borrowers' ability to pay amounts when due on the loans originated in Scotland, and which, in turn, may adversely affect the relevant Issuer's ability to fulfil its obligations under the Notes. To date, the exercise of the tax powers has resulted in some Scottish tax payers paying more income tax than taxpayers elsewhere in the UK (and some paying less) but the differences are not particularly significant.

Risks Relating to Benchmark Reform

The market continues to develop in relation to SONIA as a reference rate for Floating Rate Notes

Investors should be aware that the market continues to develop in relation to the Sterling Overnight Index Average ("**SONIA**") as a reference rate in the capital markets and its adoption as an alternative to Sterling London Inter-Bank Offered Rate ("**LIBOR**"). In particular, market participants and relevant working groups continue to explore alternative reference rates based on SONIA, including various ways to produce term versions of SONIA (which seek to measure the market's forward expectation of an average SONIA rate over a designated term, as it is an overnight rate). The market or a significant part thereof may adopt an application of

SONIA that differs significantly from that set out in the Conditions and used in relation to Floating Rate Notes that reference a SONIA rate issued under this Base Prospectus. In addition, the methodology for determining any overnight rate index by reference to which the Rate of Interest in respect of certain Notes may be calculated could change during the life of the Notes. Furthermore, the Issuers may in future issue Notes referencing SONIA that differ materially in terms of interest determination when compared with any previous SONIA-referenced Notes issued under the Programme. The nascent development of SONIA as an interest reference rate for the Eurobond markets, as well as continued development of SONIA-based rates for such market and the market infrastructure for adopting such rates, could result in reduced liquidity or increased volatility or could otherwise affect the market price of any SONIA-referenced Notes issued under the Programme from time to time.

Furthermore, interest on Notes which reference SONIA is only capable of being determined at the end of the relevant Observation Period and immediately prior to the relevant Interest Payment Date. It may be difficult for investors in Notes which reference SONIA to estimate reliably the amount of interest which will be payable on such Notes, and some investors may be unable or unwilling to trade such Notes without changes to their IT systems, both of which could adversely impact the liquidity of such Notes. Further, in contrast to LIBOR-based securities, if Notes referencing SONIA become due and payable as a result of an event of default under Condition 14 (*Events of Default*), the rate of interest payable for the final Interest Period in respect of such Notes shall only be determined immediately prior to the date on which the Notes become due and payable and shall not be reset thereafter.

In addition, the manner of adoption or application of SONIA reference rates in the Eurobond markets may differ materially compared with the application and adoption of SONIA in other markets, such as the derivatives and loan markets. Investors should carefully consider how any mismatch between the adoption of SONIA reference rates across these markets may impact any hedging or other financial arrangements which they may put in place in connection with any acquisition, holding or disposal of Notes referencing SONIA.

Further, if SONIA does not prove to be widely used in securities such as the Notes, the trading price of such Notes linked to SONIA may be lower than those of Notes linked to indices that are more widely used. Investors in such Notes may not be able to sell such Notes at all or may not be able to sell such Notes at prices that will provide them with a yield comparable to similar investments that have a developed secondary market, and may consequently suffer from increased pricing volatility and market risk.

Investors should consider these matters when making their investment decision with respect to any such relevant Notes.

Changes or uncertainty in respect of EURIBOR and/or other interest rate benchmarks may affect the value or payment of interest under the Notes

Various interest rate benchmarks (including the Euro Interbank Offered Rate ("**EURIBOR**")) are the subject of ongoing national and international regulatory guidance and proposals for reform. Some of these reforms are already effective, including the EU Benchmark Regulation (Regulation (EU) 2016/1011) (the "**EU Benchmark Regulation**") and the UK BMR, whilst others are still to be implemented.

The EU Benchmark Regulation and the UK BMR contain requirements with respect to the provision of a wide range of benchmarks (including EURIBOR), the contribution of input data to a benchmark and the use of a benchmark within the European Union and the United Kingdom, respectively. In particular, the EU Benchmark Regulation and the UK BMR, among other things, (i) require benchmark administrators to be authorised or registered (or, if non-EU-based or non-UK-based, as applicable, to be subject to an equivalent regime or otherwise recognised or endorsed) and to comply with extensive requirements in relation to the administration of benchmarks and (ii) prevents certain uses by EU-supervised entities or UK-supervised entities, as applicable, of benchmarks of administrators that are not authorised or registered (or, if non-EU-based or non-UK based, as applicable, deemed equivalent or recognised or endorsed).

On 29 November 2017, the Bank of England and the FCA announced that, from January 2018, its Working Group on Sterling Risk-Free Rates has been mandated with implementing a broad-based transition to SONIA over the next four years across sterling bond, loan and derivative markets, so that SONIA is established as the primary sterling interest rate benchmark by the end of 2021 (as further described under *"The market continues to develop in relation to SONIA as a reference rate for Floating Rate Notes"* above).

Separate workstreams are underway in Europe to reform EURIBOR using a hybrid methodology and to provide a fallback by reference to a euro risk-free rate (based on a euro overnight risk-free rate as adjusted by a methodology to create a term rate). On 13 September 2018, the working group on euro risk-free rates recommended Euro Short-term Rate ("**€STR**") as the new risk free rate. €STR has been published by the ECB since October 2019. In addition, on 21 January 2019, the euro risk free-rate working group published a set of guiding principles for fallback provisions in new euro denominated cash products (including bonds). The guiding principles indicate, among other things, that continuing to reference EURIBOR in relevant contracts may increase the risk to the euro area financial system. Further, on 24 July 2020, the European Commission ("**EC**") made a formal proposal to the European Parliament and the European Council to amend the EU Benchmark Regulation which would, amongst other things, give the EC the power to impose a statutory replacement rate where a benchmark whose cessation would result in significant disruption in the functioning of financial markets in the European Union ceases to be published. The proposal notes that, in determining the appropriate statutory replacement rate, the EC would have regard to the recommendations of the various risk-free rate working groups. Policy around benchmark reform continues to progress. On 15 February 2021, the euro risk-free rates working group (the "**Working Group**") published the results of its public consultation with market participants, which showed widespread support for the fallback triggers proposed by the Working Group.

These reforms and other pressures may cause one or more interest rate benchmarks to disappear entirely, to perform differently than in the past (as a result of a change in methodology or otherwise), create disincentives for market participants to continue to administer or participate in certain benchmarks or have other consequences which cannot be predicted. Any of the above changes or any other consequential changes as a result of international or national reforms or other initiatives or investigations, could have a material adverse effect on the value of and return on any Notes linked to, referencing, or otherwise dependent (in whole or in part) upon, a benchmark.

Based on the foregoing, prospective investors should in particular be aware that:

(a) any of these reforms or pressures described above or any other changes to a relevant interest rate benchmark (including EURIBOR) could affect the level of the published rate, including to cause it to be lower and/or more volatile than it would otherwise be; and

(b) if EURIBOR is discontinued or is otherwise unavailable, then in circumstances where an amendment as described in paragraph (c) below has not been made at the relevant time, the rate of interest on the Notes will be determined for a period by the fall-back provisions provided for under Condition 5(*d*) (*Fallback – Mid-Swap Rate*) or Condition 6(*c*) (*Screen Rate Determination – Floating Rate Notes other than Floating Rate Notes referencing SONIA*) of the Terms and Conditions of the Notes, although such provisions, in cases where they are dependent in part upon the provision by reference banks of offered quotations for leading banks in the Euro-zone interbank market, may not operate as intended (depending on market circumstances and the availability of rates information at the relevant time) and may in certain circumstances result in the effective application of a fixed rate based on the rate which applied in the

previous period when EURIBOR was available. See "*Fallbacks under the Conditions of the Notes*" below for more details; and

(c) while an amendment may be made under Condition 9 (*Benchmark Discontinuation*) of the Terms and Conditions of the Notes to change the base rate on the Notes from EURIBOR to an alternative base rate under certain circumstances broadly related to EURIBOR dysfunction or discontinuation and subject to certain conditions being satisfied, there can be no assurance that any such amendment will be made or, if made, that it (i) will fully or effectively mitigate all relevant interest rate risks or result in an equivalent methodology for determining the interest rates on the Notes or (ii) will be made prior to any date on which any of the risks described in in this risk factor may become. See "*Benchmark Events*" and "*Independent Advisers*" below for more details.

Moreover, any of the above matters (including an amendment to change the base rate of a series of Notes as described in paragraph (c) above) or any other significant change to the setting or existence of EURIBOR or any other relevant interest rate benchmark could affect the ability of the relevant Issuer to meet its obligations under the Notes and/or could have a material adverse effect on the value or liquidity of, and the amount payable under, the Notes. Changes in the manner of administration of EURIBOR or any other relevant interest rate benchmark could result in adjustment to the Conditions, discretionary valuation by the Calculation Agent, or other consequences in relation to the Notes. No assurance may be provided that relevant changes will not occur with respect to EURIBOR or any other relevant interest rate benchmark and/or that such benchmarks will continue to exist. Investors should consider these matters when making their investment decision with respect to the Notes.

Fallbacks under the Conditions of the Notes

The Conditions of the Notes provide for certain fallback arrangements if a published benchmark, including an inter-bank offered rate such as EURIBOR or other relevant reference rates (including, without limitation, mid-swap rates and any page on which such benchmark may be published), becomes unavailable. Where the Rate of Interest is to be determined by reference to the Relevant Screen Page and the Relevant Screen Page is not available or the relevant rate does not appear on the Relevant Screen Page, the Conditions of the Notes provide for the Rate of Interest to be determined by the Calculation Agent by reference to quotations from banks communicated to the Calculation Agent.

Where such quotations are not available (as may be the case if the relevant banks are not submitting rates for the determination of such Original Reference Rate), the ultimate fallback for the purposes of calculation of interest for a particular Interest Period may result in the rate of interest for the last preceding Interest Period being used. This may result in the effective application of a fixed rate for Floating Rate Notes based on the rate applied in the prior interest period or, in the case of Reset Notes, the application of the Reset Rate of Interest for a preceding Reset Period or, as the case may be, the application of the Initial Rate of Interest applicable to such Notes on the Interest Commencement Date. Uncertainty as to the continuation of the Original Reference Rate, the availability of quotes from reference banks, and the rate that would be applicable if the Original Reference Rate is discontinued may adversely affect the value of, and return on, the Notes.

Benchmark Events

If a Benchmark Event (which, amongst other events, includes the permanent discontinuation of an Original Reference Rate) occurs, the relevant Issuer shall use its reasonable endeavours to appoint an Independent Adviser, and will determine, in consultation with such Independent Adviser (if any), a Successor Rate or Alternative Rate (and, in either case, an Adjustment Spread) to be used in place of the Original Reference Rate. The use of any such Successor Rate or Alternative Rate, together with an Adjustment Spread, to determine the Rate of Interest will result in Notes linked to or referencing the Original Reference Rate performing differently

(which may include payment of a lower Rate of Interest) than they would do if the Original Reference Rate were to continue to apply in its current form.

In particular, any such Adjustment Spread may not be effective to reduce or eliminate the relevant prejudice to the Noteholders and Couponholders.

Furthermore, if a Successor Rate or Alternative Rate (and, in either case, an Adjustment Spread) is determined by the Issuer, in consultation with the Independent Adviser (if any), the Conditions of the Notes provide that the relevant Issuer may vary the Conditions of the Notes, as necessary to ensure the proper operation of such Successor Rate or Alternative Rate (and Adjustment Spread), without any requirement for consent or approval of the Noteholders.

Where the relevant Issuer is unable to determine a Successor Rate or Alternative Rate and, in either case, an Adjustment Spread (or the formula or methodology for determining such Adjustment Spread) before the next Interest Determination Date, the Rate of Interest for the next succeeding Interest Period will be the Rate of Interest applicable as of the last preceding Interest Determination Date before the occurrence of the Benchmark Event, or, where the Benchmark Event occurs before the first Interest Determination Date, the Rate of Interest will be the Initial Rate of Interest. Applying the Initial Rate of Interest, or the Rate of Interest applicable as of the last preceding Interest Determination Date before the occurrence of the Benchmark Event, will result in Notes linked to or referencing the relevant benchmark performing differently (which may include payment of a lower Rate of Interest) than they would do if the relevant benchmark were to continue to apply, or if a Successor Rate or Alternative Rate and, in either case, an Adjustment Spread could be determined.

Where the relevant Issuer has failed to determine a Successor Rate or Alternative Rate and, in either case, an Adjustment Spread in respect of any given Interest Period, the relevant Issuer will continue to attempt to determine a Successor Rate or Alternative Rate and, in either case, an Adjustment Spread to apply the next succeeding and any subsequent Interest Periods, as necessary.

If the relevant Issuer fails to determine a Successor Rate or Alternative Rate and, in either case, an Adjustment Spread for the life of the relevant Notes, the Initial Rate of Interest, or the Rate of Interest applicable as of the last preceding Interest Determination Date before the occurrence of the Benchmark Event, will continue to apply to maturity. This will result in the relevant Floating Rate Notes or Reset Notes, in effect, becoming fixed rate Notes.

Risks relating to a particular structure of Notes

A wide range of Notes may be issued under the Programme and some Notes may have features which contain particular risks for potential investors. Set out below is a description of certain risks relating to particular structures of Notes:

The obligations of the relevant Issuer in respect of Tier 2 Capital Notes are unsecured and subordinated and the claims of Holders of Senior Non-Preferred Notes also rank after more senior creditors

The Tier 2 Capital Notes will constitute unsecured and subordinated obligations of the relevant Issuer. On a Winding-Up of the relevant Issuer, all claims in respect of the Tier 2 Capital Notes will rank junior to all Senior Claims. If, on a liquidation of the relevant Issuer, the assets of the relevant Issuer are insufficient to enable such Issuer to repay the claims of more senior-ranking creditors in full, the Holders will lose their entire investment in the Tier 2 Capital Notes. If there are sufficient assets to enable the relevant Issuer to pay the claims of more senior-ranking creditors in full but insufficient assets to enable it to pay claims in respect of its obligations in respect of the Tier 2 Capital Notes and all other claims that rank *pari passu* with the Tier 2 Capital Notes in full, Holders will lose some (which may be substantially all) of their investment in the Tier 2 Capital Notes.

For the avoidance of doubt, the Holders of Tier 2 Capital Notes shall, in a liquidation of the relevant Issuer, have no claim in respect of the surplus assets (if any) of such Issuer remaining in any liquidation following payment of all amounts due in respect of the liabilities of such Issuer.

Although the Tier 2 Capital Notes may pay a higher rate of interest than securities which are not subordinated, there is a substantial risk that investors in the Tier 2 Capital Notes will lose all or some of the value of their investment should the relevant Issuer become insolvent or subject to any of the resolution tools or the write-down or conversion powers in the Banking Act.

The claims of Holders of the Senior Non-Preferred Notes will rank after the claims of Holders of Senior Preferred Notes and other unsubordinated creditors of the relevant Issuer but before the claims of Holders of the Tier 2 Capital Notes. The same risks are therefore also applicable to Holders of the Senior Non-Preferred Notes as those set out above.

Holders are also subject to the provisions of the Banking Act relating to, *inter alia*, the write down or conversion of capital instruments and the bail-in of liabilities as described under "*Mandatory write-down and conversion of capital instruments may affect the Tier 2 Capital Notes."*

Holders may not require the redemption of Notes prior to their maturity

The relevant Issuer is under no obligation to redeem Notes at any time prior to their stated Maturity Date and the Holders of such Notes have no right to require the relevant Issuer to redeem or purchase such Notes at any time. Furthermore, any redemption, purchase, substitution or variation of any Notes by the relevant Issuer will be subject always to Supervisory Permission (if so required under the Conditions) and (in the case of Tier 2 Capital Notes) to compliance with prevailing Regulatory Capital Requirements or (in the case of Senior Preferred Notes, if so required under the Conditions, and Senior Non-Preferred Notes) Loss Absorption Regulations, and the Holders may not be able to sell such Notes in the secondary market (if at all) at a price equal to or higher than the price at which they purchased their Notes. Accordingly, investors in the Notes should be prepared to hold their Notes for a significant period of time.

Holders of Tier 2 Capital Notes will, and Holders of Senior Preferred Notes and Senior Non-Preferred Notes may, have limited remedies

The remedies available to Holders of Tier 2 Capital Notes, and Senior Preferred Notes or Senior Non-Preferred Notes where the relevant Final Terms specify that Condition 14(b) (*Tier 2 Capital Notes, Senior Preferred Notes and Senior Non-Preferred Notes (Restricted Default)*) applies, are limited.

Holders may not at any time demand repayment or redemption of such Notes, although in a Winding-Up, the Holders will have a claim for an amount equal to the principal amount of the Notes plus any accrued interest.

The sole remedy in the event of any non-payment of principal or interest under such Notes, subject to certain conditions as described in Condition 14 (*Events of Default*), is that the Trustee, on behalf of the Holders may, at its discretion, or shall at the direction of an Extraordinary Resolution of Holders or of the Holders of at least one quarter of the aggregate principal amount of the outstanding Notes subject to applicable laws, institute proceedings for the winding-up of the relevant Issuer and/or prove for any payment obligations of such Issuer arising under the Notes in any winding-up or other insolvency proceedings in respect of such non-payment.

The remedies under such Notes are more limited than those typically available to such Issuer's unsubordinated creditors, including Holders of Senior Preferred Notes or Senior Non-Preferred Notes where the relevant Final Terms specify that Condition 14(b) (*Tier 2 Capital Notes, Senior Preferred Notes and Senior Non-Preferred Notes (Restricted Default)*) does not apply. For further details regarding the limited remedies of the Trustee and the Holders, see Condition 14 (*Events of Default*).

Waiver of set-off

The Holders of the Tier 2 Capital Notes and (if Condition 3(d) (*No set-off*) is stated in the relevant Final Terms as being applicable) Senior Non-Preferred Notes and Senior Preferred Notes, as applicable, waive any right of set-off in relation to such Notes insofar as permitted by applicable law. Therefore, Holders of Tier 2 Capital Notes, Senior Non-Preferred Notes and Senior Preferred Notes (as and if applicable) will not be entitled (subject to applicable law) to set-off the relevant Issuer's obligations under such Notes against obligations owed by them to the relevant Issuer.

The terms of certain Notes may be modified, or certain Notes may be substituted, by the relevant Issuer without the consent of the Holders in certain circumstances, subject to certain restrictions

Unless the relevant substitution and variation provisions are marked "Not Applicable" in the relevant Final Terms, in the event of certain specified events relating to taxation (a Tax Event) or following the occurrence of a Capital Disqualification Event or a Loss Absorption Disqualification Event, as applicable, the relevant Issuer may (subject to certain conditions) at any time substitute all (but not some only) of the Notes for, or vary the terms of the Notes so that they remain or become (as applicable), Qualifying Tier 2 Securities or Loss Absorption Compliant Notes, as applicable, without the consent of the Holders.

Qualifying Tier 2 Securities and Loss Absorption Compliant Notes must have terms not materially less favourable to Holders than the terms of the Notes, as reasonably determined by the relevant Issuer in consultation with an investment bank or financial adviser of international standing. However, there can be no assurance that, due to the particular circumstances of a Holder of Notes, such Qualifying Tier 2 Securities or Loss Absorption Compliant Notes will be as favourable to each investor in all respects or that, if it were entitled to do so, a particular investor would make the same determination as the relevant Issuer as to whether the terms of the Qualifying Tier 2 Securities or Loss Absorption Compliant Notes are not materially less favourable to holders than the terms of the Notes. Further, the tax and stamp duty consequences could be different for Holders of Notes once such Notes have been varied or substituted as described above.

The Notes may be subject to early redemption at the option of the relevant Issuer upon the occurrence of certain regulatory events or on any Optional Redemption Date (Call)

Subject to obtaining prior Supervisory Permission and to compliance, in the case of Tier 2 Capital Notes, with prevailing Regulatory Capital Requirements and, in the case of Senior Preferred Notes and Senior Non-Preferred Notes, Loss Absorption Regulations, the relevant Issuer may, at its option, redeem all (but not some only) of the Tier 2 Capital Notes, the Senior Preferred Notes and the Senior Non-Preferred Notes (unless "Senior Preferred Notes and Senior Non-Preferred Notes: Loss Absorption Disqualification Event Redemption" is specified to be "Not Applicable" in the relevant Final Terms) at their principal amount plus interest accrued and unpaid from and including the immediately preceding Interest Payment Date up to but excluding the relevant redemption date upon the occurrence of a Capital Disqualification Event or a Loss Absorption Disqualification Event, as applicable, at any time or on any Optional Redemption Date (Call), if applicable.

An optional redemption feature is likely to limit the market value of such Notes. During any period when the relevant Issuer may elect to redeem the Notes, the market value of the Notes generally will not rise substantially above the price at which they can be redeemed. Further, during periods when there is an increased likelihood, or perceived increased likelihood, that such Notes will be redeemed early, the market value of the Notes may be adversely affected.

If the relevant Issuer redeems such Notes in any of the circumstances mentioned above, there is a risk that the Notes may be redeemed at times when the redemption proceeds are less than the current market value of the Notes or when prevailing interest rates may be relatively low, in which latter case Holders may only be able to reinvest the redemption proceeds in securities with a lower yield. Potential investors should consider reinvestment risk in light of other investments available at that time.

It is not possible to predict whether the events referred to above will occur and lead to circumstances in which the relevant Issuer may elect to redeem such Notes, and if so whether the relevant Issuer will satisfy the conditions, or elect, to redeem the Notes. The relevant Issuer may be more likely to exercise its option to redeem the Notes if the relevant Issuer's funding costs would be lower than the prevailing interest rate payable in respect of the Notes. If such Notes are so redeemed, there can be no assurance that Holders will be able to reinvest the amounts received upon redemption at a rate that will provide the same rate of return as their investment in the Notes.

The Company is a holding company

The Notes issued by the Company are the obligations of the Company only. The Company is a holding company and conducts substantially all of its operations through its subsidiaries, including the Bank, and accordingly the claims of the Noteholders under the Notes issued by the Company will be structurally subordinated to the claims of creditors of the Company's subsidiaries, including claims of the Noteholders under Notes issued by the Bank. The Company's rights to participate in the assets of any of its subsidiaries if such subsidiary is liquidated will be subject to the prior claims of such subsidiary's creditors and any preference shareholders, except in the limited circumstance where the Company is a creditor of such subsidiary with claims that are recognised to be ranked ahead of or *pari passu* with such claims. The Company's subsidiaries are separate and distinct legal entities, and have no obligation to pay any amounts due or to provide the Company with funds to meet any of the Company's payment obligations under the Notes.

As well as the risk of losses in the event of a subsidiary's insolvency, the Company may suffer losses if any of its loans to, and investments in, such a subsidiary (including the Bank) are subject to statutory or contractual write down and conversion powers or if the subsidiary is otherwise subject to bank resolution proceedings. The Company has in the past made, and may continue to make, loans to, and investments in, the Bank, and it may in the future make loans to any other subsidiary in its Group, with the proceeds received from the Company's issuance of debt instruments (including Notes issued under this Programme). Such loans to, and investments in, such subsidiary by the Company using the proceeds received from the Company's issue of Tier 2 Capital Notes are expected to be in the form of Tier 2 capital. With respect to the Company's Senior Preferred Notes that are intended to constitute MREL eligible liabilities, the loans to, and/or investments in such subsidiary by the Company using the proceeds received by the issuance of such Senior Preferred Notes by the Company may be in the form of senior notes/loans or subordinated capital.

The Company retains its absolute discretion to restructure such loans to, and any other investments in, any of its subsidiaries, including the Bank, at any time and for any purpose including, without limitation, in order to provide different amounts or types of capital or funding to such subsidiary, as part of wider changes made to the Group's corporate structure or otherwise as part of meeting regulatory requirements, such as the implementation of MREL in respect of the relevant subsidiaries. A restructuring of a loan or investment made by the Company in its subsidiary could include changes to any or all features of such loan or investment, including its legal or regulatory form, how it would rank in the event of resolution and/or insolvency proceedings in relation to such subsidiary, and the inclusion of a mechanism that provides for an automatic write-down and/or conversion into equity upon specified triggers. Any restructuring of the Company's loans to, and investments in, any of the subsidiaries in the Group may be implemented by the Company without prior notification to, or consent of, the Noteholders.

The regulatory capital treatment, and otherwise the ranking in the ordinary insolvency hierarchy, of the Company's claims against its subsidiary will affect the extent to which the Company is exposed to losses if such subsidiary enters into resolution proceedings or is subject to mandatory write-down or conversion of its capital instruments or relevant internal liabilities. In particular, the Banking Act specifies that the resolution powers should be applied in a manner such that losses are transferred to shareholders and creditors in an order which reflects the hierarchy of issued instruments under CRD IV and which otherwise respects the hierarchy

of claims in an ordinary insolvency, as described above. See "*The Banking Act, the SRR and the BRRD*". In general terms, the more junior in the capital structure the investments in, and loans made to, any subsidiary of the Company are, relative to third party investors, the greater the losses likely to be suffered by the Company in the event any such subsidiary enters into resolution proceedings or is subject to mandatory write-down or conversion of its capital instruments or relevant internal liabilities. See "*The Banking Act confers substantial powers on a number of UK authorities designed to enable them to take a range of actions in relation to UK banks or investment firms and certain of their affiliates in the event a bank or investment firm in the same group is considered to be failing or likely to fail. The exercise of any of these actions in relation to the relevant Issuer could materially adversely affect the value of the Notes*" below.

If one of the Company's subsidiaries, including the Bank, were to be wound up, liquidated or dissolved, (i) the holders of Notes issued by the Company would have no right to proceed against the assets of such subsidiary, and (ii) the liquidator of such subsidiary would first apply the assets of such subsidiary to settle the claims of the creditors (and holders of preference shares or other tier 1 capital instruments ranking ahead of any such entity's ordinary shares) of such subsidiary (such creditors and holders of preference shares may include the Company) ranking ahead of the holders of ordinary shares of such subsidiary. Similarly, if the Bank or any other of the Company's subsidiaries were subject to resolution proceedings (i) the holders of the Notes issued by the Company would have no direct recourse against the Bank or such other subsidiary, and (ii) holders of the Notes themselves may also be exposed to losses pursuant to the exercise by the relevant resolution authority of the stabilisation powers. See "*The Banking Act confers substantial powers on a number of UK authorities designed to enable them to take a range of actions in relation to UK banks or investment firms and certain of their affiliates in the event a bank or investment firm in the same group is considered to be failing or likely to fail. The exercise of any of these actions in relation to the relevant Issuer could materially adversely affect the value of the Notes*" below.

The value of Fixed Rate Notes may be adversely affected by movements in market interest rates

Investment in Fixed Rate Notes involves the risk that if market interest rates subsequently increase above the rate paid on the Fixed Rate Notes, this will adversely affect the value of the Fixed Rate Notes.

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

Reset Notes will initially bear interest at the Initial Rate of Interest until (but excluding) the First Reset Date. On the First Reset Date and each Subsequent Reset Date (if any) thereafter, the interest rate will be reset to the sum of the applicable Mid-Swap Rate, Benchmark Gilt Rate or Reference Bond Rate and the First Margin or Subsequent Margin (as applicable) (with such sum converted (if necessary) to a basis equivalent to the frequency with which scheduled interest payments are payable on the relevant Notes) such calculation to be made by the Calculation Agent on the relevant Reset Determination Date) (each such interest rate, being a "**Subsequent Reset Rate of Interest**"). The Subsequent Reset Rate of Interest for any Reset Period could be less than the Initial Rate of Interest or the Subsequent Reset Rate of Interest for prior Reset Periods and could affect the market value of an investment in the Reset Notes.

Fixed/Floating Rate Notes

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

the fixed rate may be lower than then prevailing rates on its Notes and could affect the market value of an investment in the relevant Notes.

Notes where denominations involve integral multiples

In relation to any issue of Notes which have denominations consisting of a minimum Specified Denomination plus one or more higher integral multiples of another smaller amount, it is possible that such Notes may be traded in amounts in excess of the minimum Specified Denomination that are not integral multiples of such minimum Specified Denomination. In such a case, a Holder who (as a result of trading such amounts) holds an amount which is less than the minimum Specified Denomination in his account with the relevant clearing system would not be able to sell the remainder of such holding without first purchasing a principal amount of Notes at or in excess of the minimum Specified Denomination such that its holding amounts to a Specified Denomination. Further, a Holder who, as a result of trading such amounts, holds an amount which is less than the minimum Specified Denomination in his account with the relevant clearing system at the relevant time may not receive a definitive Note in respect of such holding (should definitive Notes be printed) and would need to purchase a principal amount of Notes at or in excess of the minimum Specified Denomination such that its holding amounts to a Specified Denomination.

Risks relating to the Notes generally

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

The Banking Act confers substantial powers on a number of UK authorities designed to enable them to take a range of actions in relation to UK banks or investment firms and certain of their affiliates in the event a bank or investment firm in the same group is considered to be failing or likely to fail. The exercise of any of these actions in relation to the relevant Issuer could materially adversely affect the value of the Notes

The paragraphs below set out some of the possible consequences of the SRR (as defined below) and the exercise of those powers under the SRR. The taking of any action under the Banking Act could adversely affect Holders. See also "*Supervision and Regulation – The Banking Act, the SRR and the BRRD*".

The SRR may be triggered prior to insolvency of the relevant Issuer

Under the Banking Act, substantial powers were granted to HM Treasury, the Bank of England, the PRA and the FCA (together the "**Authorities**") as part of the special resolution regime (the "**SRR**"). The stabilisation options may be exercised if (i) the relevant Authority is satisfied that a relevant entity (such as either of the Issuers) is failing, or is likely to fail, (including where the relevant entity is failing or likely to fail to meet the threshold conditions specified in FSMA) (ii) following consultation with the other Authorities, the relevant Authority determines that it is not reasonably likely that (ignoring the stabilising options) action will be taken that will enable the relevant entity to satisfy those conditions, (iii) the Authorities consider the exercise of the stabilisation options to be necessary, having regard to certain public interest considerations (such as the stability of the UK financial system, public confidence in the UK banking system and the protection of depositors) and (iv) the relevant Authority considers that the specific resolution objectives would not be met to the same extent by the winding up of the relevant entity. It is therefore possible that one of the stabilisation options could be exercised prior to the point at which any insolvency proceedings with respect to the relevant entity could be initiated.

Although the Banking Act provides for conditions to the exercise of any resolution powers, it is uncertain how the Authorities would assess such conditions in any particular situation. The relevant Authorities are also not required to provide any advance notice to Holders of their decision to exercise any resolution power. Therefore, Holders may not be able to anticipate a potential exercise of any such powers nor the potential effect of any exercise of such powers on the relevant Issuer or the Notes.

Various actions may be taken in relation to the Notes without the consent of the Holders

If the relevant Issuer were made subject to the SRR, HM Treasury or the Bank of England may exercise extensive share transfer powers (applying to a wide range of securities) and property transfer powers (including powers for partial transfers of property, rights and liabilities) subject to certain protections in respect of the relevant Issuer. Exercise of these powers could involve taking various actions in relation to any securities issued by the relevant Issuer (including the Notes) without the consent of the Holders, including (among other things):

- transferring the Notes out of the hands of the holders;
- delisting the Notes;
- writing down (which may be to nil) the Notes or converting the Notes into another form or class of securities such as ordinary shares; and/or
- modifying or disapplying certain terms of the Notes.

The relevant Authorities may exercise the bail-in tool (as defined herein) under the Banking Act to recapitalise a relevant entity in resolution by allocating losses to its shareholders and unsecured creditors (which include Holders) in a manner that (i) ought to respect the hierarchy of claims in an ordinary insolvency and (ii) is consistent with shareholders and creditors not receiving a less favourable treatment than they would have received in ordinary insolvency proceedings of the relevant entity (known as the "no creditor worse off" safeguard). In addition, even in circumstances where a claim for compensation is established under the "no creditor worse off" safeguard in accordance with a valuation performed after the resolution action has been taken, it is unlikely that such compensation would be equivalent to the full losses incurred by the Holders in the resolution and there can be no assurance that Holders would recover such compensation promptly. See "*Supervision and regulation – The Banking Act, the SRR and the BRRD*".

The exercise of such powers may result in the cancellation of all, or a portion, of the principal amount of, interest on, or any other amounts payable on, the Notes and/or the conversion of all or a portion of the principal amount of, interest on, or any other amounts payable on, the Notes into shares or other securities or other obligations of the relevant Issuer or another person, including by means of a variation to the terms of the Notes.

The taking of any such actions could materially adversely affect the rights of Holders, and such actions (or the perception that the taking of such actions may be imminent) could materially adversely affect the price or value of their investment in the Notes and/or the ability of the relevant Issuer to satisfy its obligations under the Notes. Holders may have only very limited rights to challenge and/or seek a suspension of any decision of the relevant UK resolution authority to exercise its resolution powers (including the UK bail-in tool) or to have that decision reviewed by a judicial or administrative process or otherwise. In such circumstances, Holders may have a claim for compensation under one of the compensation schemes existing under, or contemplated by, the Banking Act, but there can be no assurance that Holders will have such a claim or, if they do, that they would thereby recover compensation promptly or equal to any loss actually incurred.

Mandatory write-down and conversion of capital instruments may affect the Tier 2 Capital Notes

The Banking Act grants the power to the relevant Authorities to permanently write-down, or convert into equity, Tier 1 capital instruments, Tier 2 capital instruments (such as the Tier 2 Capital Notes which can be issued under this Programme) and relevant internal liabilities at the point of non-viability of the relevant entity or group. See "*Supervision and regulation - The Banking Act, the SRR and the BRRD*". Holders may be subject to write-down or conversion into equity on application of such powers (without requiring the consent of such Holders), which may result in such Holders losing some or all of their investment.

If the relevant Issuer were to become subject to bail-in or resolution powers or subject to the mandatory write-down and conversion power under the Banking Act, existing shareholders may experience a dilution or

cancellation of their holdings and holders of debt securities may be subject to write-off or conversion. Some provision is made in the Banking Act for compensation orders to be made in certain specified circumstances but the extent of the compensation will be determined having regard to the particular fact matrix and the principles set out in the Banking Act. These principles essentially require that no shareholder or creditor should be worse off under an SRR process than it would have been under a hypothetical insolvency, which means that it is not certain that compensation would be received in a particular case. However, the "no creditor worse off" safeguard would not apply in relation to an application of such powers in circumstances where resolution powers are not also exercised. The exercise of such mandatory write-down and conversion power under the Banking Act or any perceived increased likelihood of such exercise could, therefore, materially adversely affect the rights of Holders of Tier 2 Capital Notes, and such exercise (or the perception that such exercise may be imminent) could materially adversely affect the price or value of their investment in the Tier 2 Capital Notes and/or the ability of the relevant Issuer to satisfy its obligations under the Tier 2 Capital Notes.

Further, although the Banking Act also makes provisions for public financial support to be provided to an institution on resolution subject to certain conditions, it provides that the financial public support should only be used as a last resort after the Authorities have assessed and exhausted, to the maximum extent practicable, all the resolution tools, including the bail-in power. Accordingly, it is unlikely that investors in the Notes will benefit from such support even if it were provided.

A partial transfer of the relevant Issuer's business may result in a deterioration of its creditworthiness

If the relevant Issuer were made subject to the SRR and a partial transfer of its business to another entity were effected, the quality of the assets and the quantum of the liabilities not transferred and remaining with the relevant Issuer (which may include the Notes) may result in a deterioration in the creditworthiness of the relevant Issuer and, as a result, increase the risk that it may be unable to meet its obligations in respect of the Notes and/or eventually become subject to administration or insolvency proceedings pursuant to the Banking Act. In such circumstances, Holders may have a claim for compensation under one of the compensation schemes existing under, or contemplated by, the Banking Act, but there can be no assurance that Holders will have such a claim or, if they do, that they would thereby recover compensation promptly or equal to any loss actually incurred.

As of the date of this Base Prospectus, the Authorities have not made an instrument or order under the Banking Act in respect of either of the Issuers and there has been no indication that they will make any such instrument or order. However, there can be no assurance that this will not change and/or that Holders will not be adversely affected by any such order or instrument if made.

A downgrade of the credit rating assigned by any credit rating agency to the Issuers could adversely affect the liquidity or market value of the Notes. Credit ratings downgrades could occur as a result of, among other causes, changes in the ratings methodologies used by credit rating agencies

As of the date of this Base Prospectus, Tranches of Notes issued under the Programme will not be rated. If a Tranche of Notes were to be rated, such rating will not necessarily be the same as the rating(s) applicable to the relevant Issuer. A rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.

Any rating assigned to a relevant Issuer may be withdrawn entirely by a credit rating agency, may be suspended or may be lowered, if, in that credit rating agency's judgment, circumstances relating to the basis of the rating so warrant. Ratings may be impacted by a number of factors which can change over time, including the credit rating agency's assessment of: the relevant Issuer's strategy and management's capability; the relevant Issuer's financial condition including in respect of capital, funding and liquidity; competitive and economic conditions in the Group's key markets; the level of political support for the industries in which the Group operates; and legal and regulatory frameworks affecting the relevant Issuer's legal structure, business activities and the rights

of its creditors. The credit rating agencies may also revise the ratings methodologies applicable to an issuer within a particular industry or political or economic region. If credit rating agencies perceive there to be adverse changes in the factors affecting an issuer's credit rating, including by virtue of change to applicable ratings methodologies, the credit rating agencies may downgrade, suspend or withdraw the ratings assigned to an issuer and/or its securities. Revisions to ratings methodologies and actions on the relevant Issuer's ratings by the credit rating agencies may occur in the future.

If the relevant Issuer determines to no longer maintain one or more ratings, or if any credit rating agency withdraws, suspends or downgrades the credit ratings of the relevant Issuer, or if such a withdrawal, suspension or downgrade is anticipated (or any credit rating agency places the credit ratings of the relevant Issuer on "credit watch" status in contemplation of a downgrade, suspension or withdrawal), whether as a result of the factors described above or otherwise, such event could adversely affect the liquidity or market value of the Notes (whether or not the Notes had an assigned rating prior to such event).

There is no limit on the amount or type of further bonds or other indebtedness that the relevant Issuer may issue, incur or guarantee

There is no restriction on the amount of notes, bonds or other liabilities that the relevant Issuer may issue, incur or guarantee and which rank senior to, or *pari passu* with, the Notes. The issue or guaranteeing of any such Notes or the incurrence of any such other liabilities may reduce the amount (if any) recoverable by Holders during a winding-up or administration or resolution of the relevant Issuer and may limit the relevant Issuer's' ability to meet its obligations under the Notes. In addition, the Notes do not contain any restriction on the relevant Issuer issuing securities that may have preferential rights to the Notes or securities with similar or different provisions to those described herein.

The relevant Issuer may not be liable to pay certain taxes

All payments of principal and interest by or on behalf of the relevant Issuer in respect of the Notes and the Coupons shall be made free and clear of, and without withholding or deduction for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or on behalf of the Relevant Jurisdiction, unless the withholding or deduction of such taxes, duties, assessments, or governmental charges is required by law. In that event, the relevant Issuer shall (a) in the case of each series of Senior Preferred Notes and Senior Non-Preferred Notes, in each case unless the relevant Final Terms expressly specifies "Senior Preferred Notes and Senior Non-Preferred Notes: Gross-up of principal" as "Not Applicable", in respect of payments of interest (if any) or principal, or (b) in the case of all Tier 2 Capital Notes and each Series of Senior Preferred Notes and Senior Non-Preferred Notes for which the relevant Final Terms expressly specifies "Senior Preferred Notes and Senior Non-Preferred Notes: Gross-up of principal" as "Not Applicable", in respect of payments of interest (if any) only and not principal, pay such additional amounts as will result in receipt by the Noteholders and the Couponholders of such amounts as would have been received by them had no such withholding or deduction been required, subject to certain exceptions as described in Condition 13 (*Taxation*).

Potential investors should be aware that neither the relevant Issuer nor any other person will be liable for or otherwise obliged to pay, and the Noteholders and Couponholders will be liable for payment of any tax, duty, charge, withholding or other payment whatsoever which may arise as a result of, or in connection with, the ownership, any transfer and/or any payment in respect of the Notes, except as provided for in Condition 13 (*Taxation*).

In particular, the Tier 2 Capital Notes and each Series of Senior Preferred Notes and Senior Non-Preferred Notes for which the relevant Final Terms expressly specifies "Senior Preferred Notes and Senior Non-Preferred Notes: Gross-up of principal" as "Not Applicable" do not provide for payments of principal to be grossed up in the event withholding tax of the Relevant Jurisdiction is imposed on repayments of principal. As such, the relevant

Issuer would not be required to pay any Additional Amounts under the terms of such Notes to the extent any withholding or deduction applied to payments of principal. Accordingly, if any such withholding or deduction were to apply to any payments of principal under such Notes, Noteholders and Couponholders may receive less than the full amount due under such Notes and the market value of such Notes may be adversely affected.

Changes in law may adversely affect the rights of Holders

Changes in law after the date hereof may affect the rights of Holders as well as the market value of the Notes. The Conditions, except for Condition 3 (in respect of Notes issued by the Bank) which are governed by Scots law, are based on English law in effect as of the date of issue of the relevant Notes. No assurance can be given as to the impact of any possible judicial decision or change to English or Scots law or administrative practice after the date of issue of the relevant Notes. Such changes in law may include changes in statutory, tax and regulatory regimes during the life of the Notes, which may have an adverse effect on an investment in the Notes.

In addition, any change in law or regulation that triggers a Tax Event, a Capital Disqualification Event or a Loss Absorption Disqualification Event would, in the case of certain Notes, entitle the relevant Issuer, at its option (subject to, amongst other things, obtaining prior Supervisory Permission), to redeem the Notes, in whole but not in part, as provided under Condition 10(c) (*Redemption for Tax Event*), 10(d) (*Redemption for Capital Disqualification Event*) or 10(e) (*Redemption for Loss Absorption Disqualification Event*), as the case may be.

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

Legislative and regulatory uncertainty could affect an investor's ability to accurately value the Notes and, therefore, affect the trading price of the Notes given the extent of any impact on the Notes that one or more regulatory or legislative changes, including those described above, could have. In particular, following the UK's withdrawal from the EU, UK law may diverge from EU law over time. The Issuers are not able to predict how UK legislation might develop. Furthermore, the financial services industry continues to be the focus of significant regulatory change and scrutiny which may adversely affect the Group's business, financial performance, capital and risk management strategies. Such regulatory changes, and the resulting actions taken to address such regulatory changes, may have an adverse impact on the Group's, and therefore the relevant Issuer's, performance and financial condition. It is not yet possible to predict the detail of such legislation or regulatory rule-making or the ultimate consequences to the Group or the Holders, which could be material to the rights of Holders of the notes and/or the ability of the relevant Issuer to satisfy its obligations under such Notes.

The Notes are not 'protected liabilities' for the purposes of any Government compensation scheme

The FSCS established under the Financial Services and Markets Act 2000 is the statutory fund of last resort for customers of authorised financial services firms paying compensation to customers if the firm is unable, or likely to be unable, to pay certain claims (including in respect of deposits and insurance policies) made against it (together "**Protected Liabilities**").

The Notes are not, however, Protected Liabilities under the FSCS and, moreover, are not guaranteed or insured by any government, government agency or compensation scheme of the UK or any other jurisdiction. Further, as part of the reforms required by BRRD, amendments were made to relevant legislation in the UK (including the UK Insolvency Act 1986) to establish in the insolvency hierarchy a statutory preference (i) firstly, for deposits that are insured under the UK FSCS ("**insured deposits**") to rank with existing preferred claims as 'ordinary' preferred claims and (ii) secondly, for all other deposits of individuals and micro, small and medium sized enterprises held in EEA or UK or non-EEA branches of an EEA or UK bank ("**other preferred deposits**"), to rank as 'secondary' preferred claims only after the 'ordinary' preferred claims. In addition, the UK

implementation of the EU Deposit Guarantee Scheme Directive increased, from July 2015, the nature and quantum of insured deposits to cover a wide range of deposits, including corporate deposits (unless the depositor is a public sector body or financial institution) and some temporary high value deposits. The effect of these changes is to increase the size of the class of preferred creditors. All such preferred deposits will rank in the insolvency hierarchy ahead of all other unsecured senior creditors of the relevant Issuer, including the Holders of the Notes, and insured deposits are excluded from the scope of the bail-in tool.

Investors to rely on the procedures of Euroclear and Clearstream, Luxembourg for transfer, payment and communication with the relevant Issuer

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

While the Notes are represented by one or more Global Notes or, as the case may be, Global Certificates, the relevant Issuer will discharge its payment obligations under the Notes by making payments to the common depositary or, for Global Notes that are NGN and Global Certificates to be held under the NSS, the common safekeeper for Euroclear and Clearstream, Luxembourg. A Holder of a beneficial interest in a Global Note or Global Certificate must rely on the procedures of the relevant Clearing System to receive payments under the relevant Notes. The relevant Issuer has no responsibility or liability for the records relating to, or payments made in respect of, beneficial interests in the Global Notes or Global Certificates.

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

The relevant Issuer may be substituted as principal debtor in respect of the Notes

At any time, the Trustee may (subject to prior Supervisory Permission and compliance with Regulatory Capital Requirements or Loss Absorption Regulations, as applicable) agree to the substitution in place of the relevant Issuer as the principal debtor under the Notes of certain entities, in each case subject to the Trustee being satisfied that such substitution is not materially prejudicial to the interests of the Holders and to certain other conditions set out in the Trust Deed being complied with. In the event of any such substitution, the Trustee shall be entitled to agree to amendments of the Conditions of the Notes and the Trust Deed without the consent of the Holders, including amendments to change the law governing the subordination and waiver of set-off provisions set out in the Conditions and the Trust Deed.

The Conditions of the Notes may be modified without the consent of the Noteholders pursuant to the Corporate Insolvency and Governance Act 2020

Where either Issuer encounters, or is likely to encounter, financial difficulties that are affecting, or will or may affect, its ability to carry on business as a going concern, such Issuer may propose a restructuring plan (a "**Plan**") with its creditors under Part 26A of the Companies Act 2006 (introduced by the Corporate Insolvency and Governance Act 2020) to eliminate, reduce, prevent or mitigate the effect of any of those financial difficulties. Should this happen, creditors whose rights are affected are organised into creditor classes and can vote on any such Plan (subject to any classes being excluded from the vote by the English courts for having no genuine economic interest in such Issuer). Provided that one class of creditors (who would receive a payment, or have

a genuine economic interest in the relevant Issuer) has approved the Plan, and in the view of the English courts any dissenting class(es) who did not approve the Plan are no worse off under the Plan than they would be in the event of the "relevant alternative" (such as, broadly, liquidation or administration), then the English courts can sanction the Plan where it would be a proper exercise of its discretion. A sanctioned Plan is binding on all creditors and members, regardless of whether they approved it. Any such sanctioned Plan in relation to an Issuer may, therefore, adversely affect the rights of the relevant Noteholders and the price or value of their investment in the relevant Notes, as it may have the effect of modifying or disapplying certain terms of the Notes (by, for example, writing down the principal amount of the Notes, modifying the interest payable on the Notes, the maturity date or dates on which any payments are due or substituting the relevant Issuer). The Secretary of State has the power, by secondary legislation, to exclude certain companies providing financial services from the scope of Part 26A and it may well be that, in practice, the special resolution regime under the Banking Act is more likely to be used to resolve any financial difficulties of the relevant Issuer rather than the Plan.

Modification and waivers

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

The Conditions also provide that the Trustee may, subject to certain exceptions, agree to (A) any modification of, or waiver or authorisation of any breach or proposed breach of, any of the Notes, the Trust Deed or the Agency Agreement which, in each case, in the opinion of the Trustee is not materially prejudicial to the interest of the Noteholders or, in the case of a modification, in the opinion of the Trustee is of a formal, minor or technical nature or to correct a manifest error; or (B) determine without the consent of the Noteholders that any Event of Default or Potential Event of Default (as defined in the Trust Deed) shall not be treated as such if, in the opinion of the Trustee, the interests of the relevant Noteholders will not be materially prejudiced thereby (except that the provisions relating to the Tier 2 Capital Notes, Senior Preferred Notes (if so required under the Conditions) and Senior Non-Preferred Notes shall only be capable of modification or waiver with prior Supervisory Permission and in compliance with prevailing Regulatory Capital Requirements or Loss Absorption Regulations, as applicable).

Legal investment considerations may restrict certain investments

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

A Holder's actual yield on the Notes may be reduced from the stated yield by transaction costs

When Notes are purchased or sold, several types of incidental costs (including transaction fees and commissions) are incurred in addition to the current price of the security. These incidental costs may significantly reduce or even exclude the profit potential of the Notes. For instance, credit institutions as a rule charge their clients for own commissions which are either fixed minimum commissions or pro-rata commissions depending on the order value. To the extent that additional domestic or foreign parties are involved in the execution of an order, including but not limited to domestic dealers or brokers in foreign markets, Holders must take into account that they may also be charged for the brokerage fees, commissions and other fees and expenses of such parties (third party costs).

In addition to such costs directly related to the purchase of Notes (direct costs), Holders must also take into account any follow-up costs (such as custody fees). Prospective investors should inform themselves about any

additional costs incurred in connection with the purchase, custody or sale of the Notes before investing in the Notes.

Notes issued at a substantial discount or premium

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

Risks relating to the market generally

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

There can be no assurance about the development or performance of a secondary trading market for the Notes

The Notes issued under the Programme represent a new security for which no secondary trading market exists (unless in the case of any particular Tranche, such Tranche is to be consolidated with and form a single series with a Tranche of Notes which is already issued) and there can be no assurance that one will develop. If a market does develop, it may not be very liquid. Therefore, investors may not be able to sell their Notes easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market. Illiquidity may have a severely adverse effect on the market value of Notes.

If a market for the Notes does develop, the trading price of the Notes may be subject to wide fluctuations in response to many factors, including those referred to in this risk factor, as well as stock market fluctuations and general economic conditions, interest rates, currency exchange rates and inflation rates that may adversely affect the market price of the Notes, such volatility may be increased in an illiquid market including in circumstances where a significant proportion of the Notes are held by a limited number of initial investors. Publicly traded bonds from time to time experience significant price and volume fluctuations that may be unrelated to the operating performance of the companies that have issued them, and such volatility may be increased in an illiquid market. If any market in the Notes does develop, it may become severely restricted, or may disappear, if the financial condition of the relevant Issuer deteriorates such that there is an actual or perceived increased likelihood of the relevant Issuer being unable to pay interest on the Notes in full, or, where relevant, of the Notes being subject to loss absorption under an applicable statutory loss absorption regime. In addition, the market price of the Notes may fluctuate significantly in response to a number of factors, some of which are beyond the relevant Issuer's control.

Any or all of such events could result in material fluctuations in the price of Notes which could lead to investors losing some or all of their investment.

The issue price of the Notes might not be indicative of prices that will prevail in the trading market, and there can be no assurance that an investor would be able to sell its Notes at or near the price which it paid for them, or at a price that would provide it with a yield comparable to more conventional investments that have a developed secondary market.

Moreover, the relevant Issuer and any subsidiary of the relevant Issuer can (subject to Supervisory Permission and compliance with prevailing Regulatory Capital Requirements or Loss Absorption Regulations, as applicable) purchase Tier 2 Capital Notes, Senior Preferred Notes or Senior Non-Preferred Notes at any time, they have no obligation to do so. Purchases made by the relevant Issuer (or on behalf of the relevant Issuer)

could affect the liquidity of the secondary market of the Notes and thus the price and the conditions under which investors can negotiate these Notes on the secondary market.

In addition, Holders should be aware of the prevailing credit market conditions, whereby there is a general lack of liquidity in the secondary market which may result in investors suffering losses on the Notes in secondary resales even if there is no decline in the performance of the Notes or the assets of the relevant Issuer. The relevant Issuer cannot predict whether these circumstances will change and whether, if and when they do change, there will be a more liquid market for the Notes and instruments similar to the Notes at that time.

Although an application has been made to admit the Notes issued under the Programme to trading on the Market, there can be no assurance that such application will be accepted, that the Notes will be so admitted, or that an active trading market will develop. Even if an active trading market does develop, it may not be liquid and may not continue for the term of the Notes.

There are exchange rate risks and exchange control risks associated with the Notes

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

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

TERMS AND CONDITIONS OF THE NOTES

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

This Note is one of a series (each a "**Series**") issued pursuant to the £2,000,000,000 Euro Medium Term Note Programme of by TSB Banking Group plc (the "**Company**") and the £2,000,000,000 Euro Medium Term Note Programme of TSB Bank plc (the "**Bank**" and, together with the Company, the "**Issuers**", and each an "**Issuer**") (together, the "**Programme**") established on 15 April 2020. This Note is constituted by an Amended and Restated Trust Deed dated 18 March 2021 (as amended, restated, modified and/or supplemented as at the Issue Date (as defined below) of the first Tranche (as defined below) of the Notes of the relevant Series, the "**Trust Deed**") between the Issuers and Citicorp Trustee Company Limited (the "**Trustee**" which expression shall wherever the context so admits include its successors) and has the benefit of an Agency Agreement dated 18 March 2021 (as amended, restated, modified and/or supplemented as at the issue date of the first Tranche of Notes of the relevant Series, the "**Agency Agreement**") made between, *inter alios*, the Issuers, the Trustee, Citibank, N.A., London Branch as initial principal paying agent and the other agents named therein. The principal paying agent, the paying agents, the registrar, the transfer agents and the calculation agent for the time being (if any) are referred to below, respectively, as the "**Principal Paying Agent**", the "**Paying Agents**" (which expression shall include the Principal Paying Agent), the "**Registrar**", the "**Transfer Agents**" (which expression shall include the Registrar) and the "**Calculation Agent**". The Trustee shall exercise the duties, powers, trusts, authorities and discretions vested in it by the Trust Deed separately in relation to each Series of Notes in accordance with the provisions of the Trust Deed. Copies of the Trust Deed and the Agency Agreement are available for inspection free of charge during normal business hours at the office for the time being of the Principal Paying Agent (being as at 18 March 2021, Citigroup Centre, Canada Square, Canary Wharf, London E14 5LB, United Kingdom).

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

In these Conditions (as defined below), references to the "**Issuer**" are to the Company or the Bank, as the case may be, as the Issuer of the Notes under the Programme as indicated in Part A of the relevant Final Terms (as defined below) and references to the "**relevant Issuer**" shall be construed accordingly.

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

inconsistency between these Conditions and the relevant Final Terms, the relevant Final Terms shall prevail. Certain provisions of these Conditions are summaries of the Trust Deed and the Agency Agreement and are subject to their detailed provisions.

1 Interpretation

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

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

"**Additional Amounts**" has the meaning given in Condition 13(a) (*Gross up*);

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

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

"**Adjustment Spread**" has the meaning given in Condition 9(g) (*Definitions*);

"**Alternative Rate**" has the meaning given in Condition 9(g) (*Definitions*);

"**Authorised Signatories**" means any Director of the relevant Issuer, any Authorised Person (as defined in the Trust Deed) or any other person or persons notified to the Trustee as being an Authorised Signatory in accordance with the Trust Deed;

"**Benchmark Amendments**" has the meaning given in Condition 9(d) *(Benchmark Amendments*);

"**Benchmark Event**" has the meaning given in Condition 9(g) (*Definitions*);

"**Benchmark Frequency**" means, if "Benchmark Gilt Rate" is specified in the relevant Final Terms, semi-annual and in all other cases has the meaning given in the relevant Final Terms;

"**Benchmark Gilt Rate**" means in respect of a Reset Period and subject to Condition 5(e) (*Fallback – Benchmark Gilt Rate*), the gross redemption yield (as calculated by the Calculation Agent on the basis set out by the United Kingdom Debt Management Office in the paper "Formulae for Calculating Gilt Prices from Yields", page 5, Section One: Price/Yield Formulae "Conventional Gilts"; Double dated and Undated Gilts with Assumed (or Actual) Redemption on a Quasi-Coupon Date (published 8 June 1998, as amended or updated from time to time) or if such basis is no longer in customary market usage at such time, in accordance with generally accepted market practice at such time, on a semi-annual compounding basis) of the Benchmark Gilt, with the price of the Benchmark Gilt for the purpose of determining the gross redemption yield being the arithmetic mean of the bid and offered prices of such Benchmark Gilt quoted by the Reference Banks at 11.00 a.m. (London time) on the relevant Reset Determination Date on a dealing basis for settlement on the next following dealing day in London. Such quotations shall be obtained by or on behalf of the relevant Issuer and provided to the Calculation Agent. If at least four quotations are provided, the Benchmark Gilt Rate will be determined by reference to 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 or three quotations are provided, the Benchmark Gilt Rate will be determined by reference to the arithmetic mean of the quotations provided. If only one quotation is provided, the Benchmark Gilt Rate will be determined by reference to the rounded quotation provided, where:

"**Benchmark Gilt**" means, in respect of a Reset Period, such United Kingdom government security customarily used in the pricing of new issues having a maturity date on or about the Subsequent Reset Date falling at the end of (but not included in) such Reset Period (if applicable) or (otherwise) the Maturity Date as the Calculation Agent (on the advice of the Reference Banks or, which failing, the advice of an independent investment bank or

independent financial adviser of international repute) may determine to be appropriate following any guidance published by the International Capital Market Association at the relevant time (if any); and

"**dealing day**" means a day on which the Market (or such other stock exchange on which the Benchmark Gilt is at the relevant time listed) is ordinarily open for the trading of securities;

"**Broken Amount**" means, in respect of any Notes, the amount (if any) that is specified in the relevant Final Terms;

"**Business Day**" means:

(i) in relation to any sum payable in euro, a TARGET Settlement Day and a day on which commercial banks and foreign exchange markets settle payments generally in each (if any) Additional Business Centre; and

(ii) in relation to any sum payable in a currency other than euro, a day on which commercial banks and foreign exchange markets settle payments generally in the Principal Financial Centre of the relevant currency and in each (if any) Additional Business Centre;

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

(i) "**Following Business Day Convention**" means that the relevant date shall be postponed to the first following day that is a Business Day;

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

(iii) "**Preceding Business Day Convention**" means that the relevant date shall be brought forward to the first preceding day that is a Business Day;

(iv) "**FRN Convention**", "**Floating Rate Convention**" or "**Eurodollar Convention**" means that each relevant date shall be the date which numerically corresponds to the preceding such date in the calendar month which is the number of months specified in the relevant Final Terms as the Specified Period after the calendar month in which the preceding such date occurred provided, however, that:

(A) if there is no such numerically corresponding day in the calendar month in which any such date should occur, then such date will be the last day which is a Business Day in that calendar month;

(B) if any such date would otherwise fall on a day which is not a Business Day, then such date will be the first following day which is a Business Day unless that day falls in the next calendar month, in which case it will be the first preceding day which is a Business Day; and

(C) if the preceding such date occurred on the last day in a calendar month which was a Business Day, then all subsequent such dates will be the last day which is a Business Day in the calendar month which is the specified number of months after the calendar month in which the preceding such date occurred; and

(v) "**No Adjustment**" means that the relevant date shall not be adjusted in accordance with any Business Day Convention;

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

a "**Capital Disqualification Event**" is deemed to have occurred if there is a change (which has occurred or which the Competent Authority considers to be sufficiently certain) in the regulatory classification of the Tier 2 Capital Notes which becomes effective after the issue date of the last Tranche of the relevant Series of Tier 2 Capital Notes and that results, or would be likely to result, in some of or the entire principal amount of such Series of Tier 2 Capital Notes ceasing to be included in the Tier 2 Capital of (if the relevant Notes have previously been included in the Tier 2 Capital of such Issuer) the relevant Issuer and/or (if the relevant Notes have previously been included in the Tier 2 Capital of the Group) the Group and, for the avoidance of doubt, any amortisation of the Tier 2 Capital Notes pursuant to Article 64 of the Regulation (EU) No. 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms amending Regulation (EU) No. 648/2012 as it forms part of domestic law by virtue of the EUWA (or any equivalent or successor provision) shall not comprise a Capital Disqualification Event;

"**Code**" has the meaning given in Condition 13(b) (*FATCA*);

"**Competent Authority**" means the Bank of England (i) acting as the Prudential Regulation Authority in the context of prudential matters or (ii) acting through its Resolution Directorate in the context of resolution matters or such other authority having primary supervisory authority with respect to prudential or resolution matters, as applicable, concerning the relevant Issuer and/or the Group;

"**Compounded Daily SONIA**" has the meaning given in Condition 6(d) (*Screen Rate Determination – Floating Rate Notes Referencing SONIA* (*Non-Index Determination*)) or Condition 6(e) (*Screen Rate Determination – Floating Rate Notes Referencing SONIA* (*Index Determination*)), as applicable;

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

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

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

(i) if "**Actual/Actual (ICMA)**" is so specified, means:

(A) where the Calculation Period is equal to or shorter than the Regular Period during which it falls, the actual number of days in the Calculation Period divided by the product of (a) the actual number of days in such Regular Period and (b) the number of Regular Periods in any year; and

(B) where the Calculation Period is longer than one Regular Period, the sum of:

(1) the actual number of days in such Calculation Period falling in the Regular Period in which it begins divided by the product of (I) the actual number of days in such Regular Period and (II) the number of Regular Periods in any year; and

(2) the actual number of days in such Calculation Period falling in the next Regular Period divided by the product of (I) the actual number of days in such Regular Period and (II) the number of Regular Periods in any year;

(ii) if "**Actual/Actual (ISDA)**" is so specified, means the actual number of days in the Calculation Period divided by 365 (or, if any portion of the Calculation Period falls in a leap year, the sum of (1) the actual number of days in that portion of the Calculation Period falling in a leap year divided by 366 and (2) the actual number of days in that portion of the Calculation Period falling in a non-leap year divided by 365);

(iii) if "**Actual/365 (Fixed)**" is so specified, means the actual number of days in the Calculation Period divided by 365;

(iv) if "**Actual/360**" is so specified, means the actual number of days in the Calculation Period divided by 360;

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

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

where:

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

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

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

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

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

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

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

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

where:

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

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

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

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

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

"**D_2**" is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number would be 31, in which case D_2 will be 30;

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

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

where:

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

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

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

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

"**D_1**" is the first calendar day, expressed as a number, of the Calculation Period, unless (1) that day is the last day of February or (2) such number would be 31, in which case D_1 will be 30; and

"**D_2**" is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless (1) that day is the last day of February but not the Maturity Date or (2) such number would be 31, in which case D_2 will be 30,

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

"**Designated Maturity**" shall have the meaning specified in the relevant Final Terms;

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

"**EURIBOR**" means, in respect of any specified currency and any specified period, the interest rate benchmark known as the Eurozone interbank offered rate which is calculated and published by a designated distributor (currently Thomson Reuters) in accordance with the requirements from time to time of the European Money Markets Institute (or any other person which takes over the administration of that rate) based on estimated interbank borrowing rates for a number of designated currencies and maturities which are provided, in respect of each such currency, by a panel of contributor banks (details of historic EURIBOR rates can be obtained from the designated distributor);

"**euro**" and "**€**" means the currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty on the Functioning of the European Union, as amended;

"**EUWA**" means the European Union (Withdrawal) Act 2018;

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

"**FATCA Withholding**" has the meaning given in Condition 13(b) (*FATCA*);

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

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

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

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

"**First Reset Period**" means the period from (and including) the First Reset Date until (but excluding) the first Subsequent Reset Date or, if a Subsequent Reset Date is not specified in the relevant Final Terms, the Maturity Date;

"**First Reset Rate of Interest**" means, in respect of the First Reset Period and subject to Condition 5(d) (*Fallback – Mid-Swap Rate*) and 5(e) (*Fallback – Benchmark Gilt Rate*) (as applicable), the rate of interest determined by the Calculation Agent on the relevant Reset Determination Date as the sum of the relevant Reset Rate and the First Margin (with such sum converted (if necessary) from a basis equivalent to the Benchmark Frequency to a basis equivalent to the frequency with which scheduled interest payments are payable on the relevant Notes during the First Reset Period (such calculation to be made by the Calculation Agent));

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

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

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

"**Group**" means the Company and each entity (if any) 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 Company is part from time to time, if any;

"**Holder**", in the case of Bearer Notes, has the meaning given in Condition 2(b) (*Title to Bearer Notes*) and, in the case of Registered Notes, has the meaning given in Condition 2(d) (*Title to Registered Notes*);

"**Independent Adviser**" has the meaning given in Condition 9(g) (*Definitions*);

"**Initial Mid-Swap Rate**" has the meaning specified in the relevant Final Terms;

"**Initial Mid-Swap Rate Final Fallback**" has the meaning given in the relevant Final Terms;

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

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

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

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

(i) if the Reference Rate is SONIA, the second London Banking Day prior to the last day of each Interest Period; or

(ii) if the Reference Rate is EURIBOR, the second day on which TARGET2 is open prior to the start of each Interest Period;

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

(i) as the same may be adjusted in accordance with the relevant Business Day Convention; or

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

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

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

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

"**Last Observable Mid-Swap Rate Final Fallback**" has the meaning given in the relevant Final Terms;

"**Loss Absorption Compliant Notes**" means securities issued directly by the relevant Issuer that:

(i) have terms not materially less favourable to an investor than the terms of the relevant Series of Senior Preferred Notes or Senior Non-Preferred Notes (as reasonably determined by the relevant Issuer in consultation with an investment bank or financial adviser of international standing (which in either case is independent of the relevant Issuer), and provided that a certification to such effect (including as to such consultation) of two Authorised Signatories shall have been delivered to the Trustee (upon which the Trustee shall be entitled to rely without further enquiry and without liability to any person) prior to the issue or, as appropriate, variation of the relevant securities), and, subject thereto, which (1) contain terms which comply with the then applicable Loss Absorption Regulations in order to be eligible to qualify in full towards the relevant Issuer's minimum requirements (on an individual or consolidated basis) for own funds and eligible liabilities and/or loss absorbing capacity instruments; (2) provide for the same Rate of Interest and Interest Payment Dates from time to time applying to the relevant Series of Notes; (3) rank *pari passu* with the ranking of the relevant Series of Notes; (4) preserve the obligations (including the obligations arising from the exercise of any right) of the relevant Issuer as to redemption of the relevant Series of Notes, including (without limitation) as to timing of, and amounts payable upon, such redemption; (5) preserve any existing rights under these Conditions to any accrued interest or other amounts which have not been paid; (6) do not contain terms which provide for interest cancellation or deferral; and (7) do not contain terms providing for loss absorption through principal write-down or conversion to ordinary shares; and

(ii) if the relevant Series of Notes is listed on a stock exchange or market, are listed on (aa) the same stock exchange or market as the relevant Series of Notes, (bb) the official list of the Financial Conduct Authority and admitted to trading on the Market or (cc) any other stock exchange as is a Recognised Stock Exchange at that time as selected by the relevant Issuer;

a "**Loss Absorption Disqualification Event**" shall be deemed to have occurred in respect of a Series of Senior Preferred Notes or Senior Non-Preferred Notes if, as a result of any amendment to, or change in, any Loss Absorption Regulations, or any change in the application or official interpretation of any Loss Absorption Regulations, in any such case becoming effective on or after the issue date of the last Tranche of such Series of Senior Preferred Notes or Senior Non-Preferred Notes, either:

(i) if "Loss Absorption Disqualification Event: Full Exclusion" is specified in the relevant Final Terms, the entire principal amount of such Series of Senior Preferred Notes or Senior Non-Preferred Notes; or

(ii) if "Loss Absorption Disqualification Event: Full or Partial Exclusion" is specified in the relevant Final Terms, the entire principal amount of such Series of Senior Preferred Notes or Senior Non-Preferred Notes or any part thereof,

is or (in the opinion of the relevant Issuer or the relevant Competent Authority) is likely to be excluded from the minimum requirements (whether on an individual or consolidated basis) for (aa) own funds and eligible liabilities and/or (bb) loss absorbing capacity instruments of (if the relevant Notes have previously been included in such minimum requirements of such Issuer) the relevant Issuer and/or (if the relevant Notes have previously been included in such minimum requirements of the Group) the Group, in each case as such minimum requirements are applicable to the relevant Issuer and/or the Group (whether on an individual or consolidated basis) and determined in accordance with, and pursuant to, the relevant Loss Absorption Regulations; provided that a Loss Absorption Disqualification Event shall not occur where the exclusion of the Senior Preferred Notes or Senior Non-Preferred Notes from the relevant minimum requirement(s) is due to the remaining maturity of such Notes being less than any period prescribed by any applicable eligibility criteria for such minimum requirements under the relevant Loss Absorption Regulations effective with respect to the relevant Issuer and/or the Group on the issue date of the last Tranche of the relevant Series of Senior Preferred Notes or Senior Non-Preferred Notes;

"**Loss Absorption Regulations**" means, at any time, the laws, regulations, requirements, guidelines, rules, standards and policies relating to minimum requirements for own funds and eligible liabilities and/or loss absorbing capacity instruments of the United Kingdom (including, without limitation, any provisions of the Insolvency Act 1986, as amended from time to time) and/or any relevant Competent Authority then in effect in the United Kingdom and applicable to the relevant Issuer (whether on an individual or consolidated basis), including, without limitation to the generality of the foregoing, any regulations, requirements, guidelines, rules, standards and policies relating to minimum requirements for own funds and eligible liabilities and/or loss absorbing capacity instruments adopted by any relevant Competent Authority from time to time (whether such regulations, requirements, guidelines, rules, standards or policies are applied generally or specifically to the relevant Issuer);

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

"**Market**" means the main market of the London Stock Exchange plc;

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

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

"**Mid-Market Swap Rate**" means, for any Reset Period, the mean of the bid and offered rates for the fixed leg payable with a frequency equivalent to the Benchmark Frequency during the relevant Reset Period (calculated on the day count basis then customary for fixed rate payments in the Specified Currency) of a fixed-for-floating interest rate swap transaction in the Specified Currency which transaction (i) has a term equal to the relevant Reset Period and commencing on the relevant Reset Date, (ii) is in an amount that is representative for a single transaction in the relevant market at the relevant

time with an acknowledged dealer of good credit in the swap market and (iii) has a floating leg based on the Mid-Swap Floating Leg Benchmark Rate for the Mid-Swap Maturity (as specified in the relevant Final Terms) (calculated on the day count basis then customary for floating rate payments in the Specified Currency);

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

"**Mid-Swap Floating Leg Benchmark Rate**" means EURIBOR if the Specified Currency is euro or the Reference Rate as specified in the relevant Final Terms;

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

"**Mid-Swap Rate**" means, in relation to a Reset Determination Date and subject to Condition 5(d) (*Fallback – Mid-Swap Rate*), either:

(i) if Single Mid-Swap Rate is specified in the relevant Final Terms, the rate for swaps in the Specified Currency:

(A) with a term equal to the relevant Reset Period; and

(B) commencing on the relevant Reset Date,

which appears on the Relevant Screen Page; or

(ii) if Mean Mid-Swap Rate is specified in the relevant Final Terms, the arithmetic mean (expressed as a percentage rate per annum) of the bid and offered swap rate quotations for swaps in the Specified Currency:

(A) with a term equal to the relevant Reset Period; and

(B) commencing on the relevant Reset Date,

which appear on the Relevant Screen Page,

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

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

"**Noteholder**", in the case of Bearer Notes, has the meaning given in Condition 2(b) (*Title to Bearer Notes*) and, in the case of Registered Notes, has the meaning given in Condition 2(d) (*Title to Registered Notes*);

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

"**Optional Redemption Amount (Capital Disqualification Event)**" means, in respect of any Tier 2 Capital Note, its principal amount or such other amount as may be specified in the relevant Final Terms;

"**Optional Redemption Amount (Loss Absorption Disqualification Event)**" means, in respect of any Senior Preferred Note or Senior Non-Preferred Note, its principal amount or such other amount as may be specified in the relevant Final Terms;

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

"**Order**" means The Banks and Building Societies (Priorities on Insolvency) Order 2018, as the same may be amended, supplemented or replaced from time to time;

"**Original Reference Rate**" has the meaning given in Condition 9(g) (*Definitions*);

"**Payment Business Day**" means:

(i) if the currency of payment is euro, any day (other than a Saturday, Sunday or public holiday) which is:

(A) a day on which (1) banks in the relevant place of presentation are open for presentation and payment of bearer debt securities and for dealings in foreign currencies or (2) commercial banks are open for general business (including dealings in foreign currencies) in the city where the Principal Paying Agent has its Specified Office; and

(B) in the case of payment by transfer to an account, a TARGET Settlement Day and a day on which dealings in foreign currencies may be carried on in each (if any) Additional Financial Centre; or

(ii) if the currency of payment is not euro, any day (other than a Saturday, Sunday or public holiday) which is:

(A) a day on which (1) banks in the relevant place of presentation are open for presentation and payment of bearer debt securities and for dealings in foreign currencies or (2) commercial banks are open for general business (including dealings in foreign currencies) in the city where the Principal Paying Agent has its Specified Office; and

(B) in the case of payment by transfer to an account, a day on which dealings in foreign currencies may be carried on in the Principal Financial Centre of the currency of payment and in each (if any) Additional Financial Centre;

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

"**Principal Financial Centre**" means, in relation to any currency, the principal financial centre for that currency provided, however, that in relation to euro, it means the principal financial centre of such Member State of the European Union as is selected (in the case of a payment) by the payee or (in the case of a calculation) by the relevant Issuer;

"**Proceedings**" has the meaning given in Condition 24(b) (*Jurisdiction*);

"**Qualifying Tier 2 Securities**" means securities issued directly by the relevant Issuer that:

(i) have terms not materially less favourable to an investor than the terms of the relevant Series of Tier 2 Capital Notes (as reasonably determined by the relevant Issuer in consultation with an investment bank or financial adviser of international standing (which in either case is independent of the relevant Issuer), and provided that a certification to such effect (including as to such consultation) of two Authorised Signatories shall have been delivered to the Trustee (upon which the Trustee shall be entitled to rely without further enquiry and without liability to any person) prior to the issue or, as appropriate, variation of the relevant securities), and, subject thereto, which (1) contain terms which comply with the then current requirements of the Competent Authority in relation to Tier 2 Capital; (2) provide for the same Rate of Interest and Interest Payment Dates from time to time applying to the relevant Series of Tier 2 Capital Notes; (3) rank *pari passu* with the ranking of the relevant Series of Tier 2 Capital Notes; (4) preserve the obligations (including the obligations arising from the exercise of any right) of the relevant Issuer as to redemption of the relevant Series of Tier 2 Capital Notes, including (without limitation) as to timing of, and amounts payable upon, such redemption; (5) preserve any existing rights under

these Conditions to any accrued interest or other amounts which have not been paid; (6) do not contain terms which provide for interest cancellation or deferral; and (7) do not contain terms providing for loss absorption through principal write-down or conversion to ordinary shares; and

(ii) if the relevant Series of Tier 2 Capital Notes is listed on a stock exchange or market, are listed on (aa) the same stock exchange or market as the relevant Series of Tier 2 Capital Notes, (bb) the official list of the Financial Conduct Authority and admitted to trading on the Market or (cc) any other stock exchange as is a Recognised Stock Exchange at that time as selected by the relevant Issuer;

"**Ranking Legislation**" means the Order and any law or regulation applicable to the relevant Issuer which is amended by the Order, as the same may be further amended, supplemented or replaced from time to time;

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

"**Recognised Stock Exchange**" means a recognised stock exchange as defined in section 1005 of the United Kingdom Income Tax Act 2007 as the same may be amended from time to time and any provision, statute or statutory instrument replacing the same from time to time;

"**Record Date**" has the meaning given in Condition 12(f);

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

"**Reference Banks**" (i) in the case of Notes other than Reset Notes, has the meaning given in the relevant Final Terms or, if none, five major banks selected by the relevant Issuer in the market that is most closely connected with the Reference Rate; and (ii) in the case of Reset Notes, has the meaning given in the relevant Final Terms or, if none (1) in the case of the calculation of a Mid-Market Swap Rate, five major banks in the swap, money, securities or other market most closely connected with the relevant Mid-Swap Rate as selected by the relevant Issuer or (2) in the case of the calculation of a Benchmark Gilt Rate, five brokers of gilts and/or gilt-edged market makers as selected by the relevant Issuer;

"**Reference Bond**" means for any Reset Period a government security or securities issued by the government of the state responsible for issuing the Specified Currency (which, if the Specified Currency is euro, shall be Germany) selected by the relevant Issuer as having an actual or interpolated maturity date on or about the last day of such Reset Period and that (in the opinion of the relevant Issuer) would be utilised, at the time of selection and in accordance with customary financial practice, in pricing new issuances of corporate debt securities denominated in the Specified Currency and of a comparable maturity to the relevant Reset Period;

"**Reference Bond Dealer**" means each of five banks which are primary government securities dealers or market makers in pricing corporate bond issuances, as selected by the relevant Issuer;

"**Reference Bond Dealer Quotations**" means, with respect to each Reference Bond Dealer and the relevant Reset Determination Date, the arithmetic mean, as determined by the Calculation Agent, of the

bid and offered prices for the Reference Bond (expressed in each case as a percentage of its nominal amount) as at the Reference Bond Relevant Time in the principal financial centre of the Specified Currency (which, if the Specified Currency is euro, shall be Frankfurt) on the relevant Reset Determination Date and quoted in writing to the Calculation Agent by such Reference Bond Dealer;

"**Reference Bond Price**" means, with respect to a Reset Determination Date, (a) the arithmetic mean of the Reference Bond Dealer Quotations for that Reset Determination Date, after excluding the highest and lowest such Reference Bond Dealer Quotations, or (b) if the Calculation Agent obtains fewer than four such Reference Bond Dealer Quotations, the arithmetic mean of all such quotations, or (c) if the Calculation Agent obtains only one Reference Bond Dealer Quotation or if the Calculation Agent obtains no Reference Bond Dealer Quotations, the Subsequent Reset Rate of Interest shall be that which was determined on the last preceding Reset Determination Date or, in the case of the first Reset Determination Date, the First Reset Rate of Interest shall be the Initial Rate of Interest (though substituting, where a different First Margin or Subsequent Margin (as the case may be) specified in the relevant Final Terms is to be applied to the relevant Reset Period from that which applied (if any) to the last preceding Reset Period, the First Margin or Subsequent Margin (as the case may be) relating to the relevant Reset Period in place of that relating to that last preceding Reset Period);

"**Reference Bond Rate**" means, in respect of a Reset Period, the annual yield to maturity or interpolated yield to maturity (on the relevant day count basis) of the Reference Bond (as calculated by the Calculation Agent), assuming a price for such Reference Bond (expressed as a percentage of its nominal amount) equal to the Reference Bond Price;

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

"**Reference Rate**" shall mean (i) EURIBOR or (ii) SONIA, in the case of (i) for the relevant period as specified in the relevant Final Terms;

"**Regular Period**" means:

(i) in the case of Notes where interest is scheduled to be paid only by means of regular payments, each period from (and including) the Interest Commencement Date to (but excluding) the first Interest Payment Date and each successive period from (and including) one Interest Payment Date to (but excluding) the next Interest Payment Date;

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

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

"**Regulatory Capital Requirements**" means, at any time, any requirement contained in the laws, regulations, requirements, guidelines and policies of the Competent Authority or the United Kingdom relating to capital adequacy and applicable to the relevant Issuer and/or the Group;

"**Relevant Date**" means (i) in respect of any payment other than a sum to be paid by the relevant Issuer in a Winding-Up of the relevant Issuer, the date on which payment in respect of it first becomes due or (if any amount of the money payable is improperly withheld or refused) the date on which payment in

full of the amount outstanding is made or (if earlier) the date seven days after that on which notice is duly given to the Holders that, upon further surrender of the Certificate or Bearer Note representing such Note being made in accordance with the Conditions, such payment will be made, provided that payment is in fact made upon such surrender, and (ii) in respect of a sum to be paid by the relevant Issuer in a Winding-Up of the relevant 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 Financial Centre**" has the meaning given in the relevant Final Terms;

"**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 relevant Issuer becomes subject in respect of payments made by it of principal, premium (if any) and/or interest on the Notes;

"**Relevant Nominating Body**" has the meaning given in Condition 9(g) (*Definitions*);

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

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

"**Reset Date**" means the First Reset Date and each Subsequent Reset Date (as applicable);

"**Reset Determination Date**" means, unless otherwise specified in the relevant Final Terms, the second Business Day prior to each relevant Reset Date;

"**Reset Maturity Initial Mid-Swap Rate Final Fallback**" has the meaning given in the relevant Final Terms;

"**Reset Note**" means a Note which bears interest at a rate of interest which is recalculated at specified intervals;

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

"**Reset Period Maturity Initial Mid-Swap Rate**" has the meaning given in the relevant Final Terms;

"**Reset Rate**" means (i) if "Mid-Swap Rate" is specified in the relevant Final Terms, the relevant Mid-Swap Rate; (ii) if "Benchmark Gilt Rate" is specified in the relevant Final Terms, the relevant Benchmark Gilt Rate; or (iii) if "Reference Bond" is specified in the relevant Final Terms, the relevant Reference Bond Rate;

"**Senior Claims**" means the aggregate amount of all claims admitted in a Winding-Up of the relevant Issuer in respect of creditors of the relevant Issuer (a) who are unsubordinated creditors of the relevant Issuer including, for the avoidance of doubt, holders of Senior Preferred Notes and holders of Senior Non-Preferred Notes of the relevant Issuer; and (b) whose claims are or are expressed to be subordinated to the claims of other creditors of the relevant Issuer (other than those whose claims are in respect of obligations which constitute, or would but for any applicable limitation on the amount of such capital, constitute, Tier 1 Capital or Tier 2 Capital or whose claims rank or are expressed to rank *pari passu* with,

or junior to, the claims of Holders in respect of the Tier 2 Capital Notes of the relevant Issuer or related Coupons);

"**Senior Non-Preferred Claims**" means the aggregate amount of all claims admitted in a Winding-Up of the relevant Issuer which are claims of creditors in respect of obligations which are secondary non-preferential debt of the relevant Issuer under the Order (including, without limitation, Senior Non-Preferred Notes of the relevant Issuer and claims in respect of the Senior Non-Preferred Notes of the relevant Issuer);

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

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

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

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

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

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

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

"**Subsequent Reset Rate of Interest**" means, in respect of any Subsequent Reset Period and subject to Condition 5(d) (*Fallback – Mid-Swap Rate*) and 5(e) (*Fallback – Benchmark Gilt Rate*) (as applicable), the rate of interest determined by the Calculation Agent on the relevant Reset Determination Date as the sum of the relevant Reset Rate and the relevant Subsequent Margin (with such sum converted (if necessary) from a basis equivalent to the Benchmark Frequency to a basis equivalent to the frequency with which scheduled interest payments are payable on the relevant Notes during the relevant Subsequent Reset Period (such calculation to be made by the Calculation Agent));

"**Subsequent Reset Rate Last Observable Mid-Swap Rate Final Fallback**" has the meaning given in the relevant Final Terms;

"**Subsequent Reset Rate Mid-Swap Rate Final Fallback**" has the meaning given in the relevant Final Terms;

"**Substitute Obligor**" has the meaning given in Condition 18(c) (*Substitution*);

"**Successor Rate**" has the meaning given in Condition 9(g) (*Definitions*);

"**Supervisory Permission**" means, in relation to any action, such supervisory permission (or, as appropriate, waiver) as is required therefor under prevailing Regulatory Capital Requirements (if any) and/or (in the case of Senior Preferred Notes where the relevant Final Terms specify that Condition 3(d) (*No set-off*) applies or Senior Non-Preferred Notes) the Loss Absorption Regulations (if any);

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

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

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

"**Tax Event**" is deemed to have occurred if, as a result of a Tax Law Change:

(i) in making any payments on the Notes, the relevant Issuer has paid or will or would on the next payment date be required to pay Additional Amounts; or

(ii) the relevant Issuer is no longer, or will no longer be, entitled to claim a deduction in respect of any payments in respect of the Notes in computing its taxation liabilities or the amount of such deduction is reduced; or

(iii) the Notes are, or will be, prevented from being treated as loan relationships for United Kingdom tax purposes; or

(iv) the relevant Issuer is not, or will not 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 it 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 of the last Tranche of the relevant Series of the Notes or any similar system or systems having like effect as may from time to time exist); or

(v) the Notes or any part thereof are, or will be, treated as a derivative or an embedded derivative for United Kingdom tax purposes,

and, in any such case, the relevant Issuer could not avoid the foregoing by taking measures reasonably available to it;

"**Tax Law Change**" means a change in or proposed change in, or amendment or proposed amendment to, the laws or regulations of a Relevant Jurisdiction, including any treaty to which such Relevant Jurisdiction is a party, or any change in the application of official or generally published interpretation of such laws, including a decision of any court or tribunal, or any interpretation or pronouncement by any relevant tax authority that provides for a position with respect to such laws or regulations that differs from the previously generally accepted position in relation to similar transactions or which differs from any specific written statements made by a tax authority regarding the anticipated tax treatment of the Notes, which change or amendment (x) (subject to (y)) becomes, or would become, effective on or after the issue date of the last Tranche of Notes of the relevant Series, or (y) in the case of a change or proposed change in law, if such change is enacted (or, in the case of a proposed change, is expected to be enacted), on or after the issue date of the last Tranche of Notes of the relevant Series;

"**Tier 1 Capital**" has the meaning given to it from time to time by the Competent Authority or the applicable prudential rules;

"**Tier 2 Capital**" has the meaning given to it from time to time by the Competent Authority or the applicable prudential rules;

"**Winding-Up**" means if:

(i) an order is made, or an effective resolution is passed, for the winding-up of the relevant Issuer (except, in any such case, a solvent winding-up solely for the purposes of a reorganisation, reconstruction or amalgamation, the terms of which reorganisation, reconstruction or amalgamation have previously been approved in writing by the Trustee or an Extraordinary Resolution 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 relevant Issuer, such administrator gives notice that it intends to declare and distribute a dividend; or

(iii) liquidation or dissolution of the relevant Issuer or any procedure similar to that described in paragraph (i) or (ii) of this definition is commenced in respect of the relevant Issuer, including

any bank insolvency procedure or bank administration procedure pursuant to the Banking Act 2009; and

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

(b) ***Interpretation***: In these Conditions:

(i) if the Notes are Zero Coupon Notes, references to Coupons and Couponholders are not applicable;

(ii) if Talons are specified in the relevant Final Terms as being attached to the Notes at the time of issue, references to Coupons shall be deemed to include references to Talons;

(iii) if Talons are not specified in the relevant Final Terms as being attached to the Notes at the time of issue, references to Talons are not applicable;

(iv) any reference to principal shall be deemed to include the Redemption Amount, (in the case of Senior Preferred Notes and Senior Non-Preferred Notes unless the relevant Final Terms expressly specifies "Senior Preferred Notes and Senior Non-Preferred Notes: Gross-up of principal" as "Not Applicable" only) any Additional Amounts in respect of principal which may be payable under Condition 13 (*Taxation*) or any undertakings given in addition thereto or in substitution therefor pursuant to the Trust Deed or any premium payable in respect of a Note and any other amount in the nature of principal payable pursuant to these Conditions;

(v) any reference to interest shall be deemed to include any Additional Amounts in respect of interest which may be payable under Condition 13 (*Taxation*) and any undertakings given in addition thereto or in substitution therefor pursuant to the Trust Deed or any other amount in the nature of interest payable pursuant to these Conditions;

(vi) references to Notes being "outstanding" shall be construed in accordance with the Trust Deed; and

(vii) if an expression is stated in Condition 1(a) (*Definitions*) to have the meaning given in the relevant Final Terms, but the relevant Final Terms gives no such meaning or specifies that such expression is "Not Applicable" then such expression is not applicable to the Notes.

2 Form, Denomination, Title and Transfer

(a) ***Bearer Notes***

Bearer Notes are in the Specified Denomination(s) with Coupons and, if specified in the relevant Final Terms, Talons attached at the time of issue. In the case of a Series of Bearer Notes with more than one Specified Denomination, Bearer Notes of one Specified Denomination will not be exchangeable for Bearer Notes of another Specified Denomination.

(a) ***Title to Bearer Notes***

Title to Bearer Notes and the Coupons will pass by delivery. In the case of Bearer Notes, "**Holder**" means the holder of such Bearer Note and "**Noteholder**" and "**Couponholder**" shall be construed accordingly.

(b) ***Registered Notes***

Registered Notes are in the Specified Denomination(s), which may include a minimum denomination specified in the relevant Final Terms and higher integral multiples of a smaller amount specified in the relevant Final Terms.

(c) ***Title to Registered Notes***

The Registrar will maintain the register in accordance with the provisions of the Agency Agreement. A certificate (each, a "**Certificate**") will be issued to each Holder of Registered Notes in respect of its registered holding. Each Certificate will be numbered serially with an identifying number which will be recorded in the Register. In the case of Registered Notes, "**Holder**" means the person in whose name such Registered Note is for the time being registered in the Register (or, in the case of a joint holding, the first named thereof) and "**Noteholder**" shall be construed accordingly.

(d) ***Ownership***

The Holder of any Note or Coupon shall (except as otherwise required by law) be treated as its absolute owner for all purposes (whether or not it is overdue and regardless of any notice of ownership, trust or any other interest therein, any writing thereon or, in the case of Registered Notes, on the Certificate relating thereto (other than the endorsed form of transfer) or any notice of any previous loss or theft thereof) and no person shall be liable for so treating such Holder.

(e) ***Transfers of Registered Notes***

Subject to Conditions 2(j) (*Closed periods*) and 2(k) (*Regulations concerning transfers and registration*), a Registered Note may be transferred in whole or in part upon the surrender of the relevant Certificate, with the endorsed form of transfer duly completed, at the Specified Office of the Registrar or any Transfer Agent, together with such evidence as the Registrar or (as the case may be) such Transfer Agent may reasonably require to prove the title of the transferor and the authority of the individuals who have executed the form of transfer; provided, however, that a Registered Note may not be transferred unless the principal amount of Registered Notes transferred and (where not all of the Registered Notes held by a Holder are being transferred) the principal amount of the balance of Registered Notes not transferred are Specified Denominations. Where not all the Registered Notes represented by the surrendered Certificate are the subject of the transfer, a new Certificate in respect of the balance of the Registered Notes will be issued to the transferor and in any case a further new Certificate will be issued to the transferee in respect of the part transferred.

(f) ***Exercise of Options or Partial Redemption in Respect of Registered Notes***

In the case of an exercise of an Issuer's option in respect of, or a partial redemption of, a holding of Registered Notes represented by a single Certificate, a new Certificate shall be issued to the Holder to reflect the exercise of such option or in respect of the balance of the holding not redeemed. In the case of a partial exercise of an option resulting in Registered Notes of the same holding having different terms, separate Certificates shall be issued in respect of those Notes of that holding that have the same terms. New Certificates shall only be issued against surrender of the existing Certificates to the Registrar or any Transfer Agent. In the case of a transfer of Registered Notes to a person who is already a holder of Registered Notes, a new Certificate representing the enlarged holding shall only be issued against surrender of the Certificate representing the existing holding.

(g) ***Registration and delivery of Certificates***

Within three business days of the surrender of a Certificate in accordance with Condition 2(f) (*Transfers of Registered Notes*), the Registrar will register the transfer in question and deliver a new Certificate of a like principal amount to the Registered Notes transferred to each relevant Holder at its Specified Office or (as the case may be) the Specified Office of any Transfer Agent or (at the request and risk of any such relevant Holder) by uninsured first class mail (airmail if overseas) to the address specified for the purpose by such relevant Holder. In this Condition 2(h) (*Registration and delivery of Certificates*), "**business day**" means a day on which commercial banks and foreign exchange markets settle payments generally

in the city where the Registrar or (as the case may be) the relevant Transfer Agent has its Specified Office.

(h) ***No charge***

The transfer of a Registered Note will be effected without charge by or on behalf of the relevant Issuer or the Registrar or any Transfer Agent but against such indemnity as the Registrar or (as the case may be) such Transfer Agent may require in respect of any tax or other duty of whatsoever nature which may be levied or imposed in connection with such transfer.

(i) ***Closed periods***

No Noteholder may require the transfer of a Note to be registered (i) during the period of 15 days ending on (and including) the due date for redemption of that Note, (ii) during the period of 15 days prior to (and including) any date on which Notes may be called for redemption by the relevant Issuer at its option pursuant to Condition 10(b) (*Redemption at the option of the relevant Issuer*), 10(c) (*Redemption for Tax Event*), 10(d) (*Redemption for Capital Disqualification Event*) or 10(e) (*Redemption for Loss Absorption Disqualification Event*), (iii) after the Notes have been called for redemption, or (iv) during the period of seven days ending on (and including) any Record Date.

(j) ***Regulations concerning transfers and registration***

All transfers of Registered Notes and entries on the Register are subject to the detailed regulations concerning the transfer of Registered Notes scheduled to the Agency Agreement. The regulations may be changed by the relevant Issuer with the prior written approval of the Registrar and the Trustee. A copy of the current regulations will be mailed (free of charge) by the Registrar to any Noteholder who requests in writing a copy of such regulations.

(k) ***No exchange***

Registered Notes may not be exchanged for Bearer Notes and Bearer Notes may not be exchanged for Registered Notes.

3 Status

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

Senior Preferred Notes may only be issued by the Company.

(a) Senior Preferred Notes

The Senior Preferred Notes (and the Coupons relating thereto, if any) constitute direct, unconditional, unsecured and unsubordinated obligations of the relevant Issuer and constitute ordinary non-preferential debt of the relevant Issuer for the purposes of the Ranking Legislation. The Senior Preferred Notes and any Coupons relating thereto rank *pari passu* without any preference among themselves.

The relevant Issuer and, by virtue of its holding of any Senior Preferred Note or any beneficial interest therein, each Holder of a Senior Preferred Note and each Holder of a Coupon relating to a Senior Preferred Note acknowledge and agree that the Senior Preferred Notes and any such Coupons rank *pari passu* with all other outstanding unsecured and unsubordinated deposits with, and loans to, the relevant Issuer, present or future (other than Senior Non-Preferred Notes and other obligations of the relevant Issuer which rank or are expressed to rank junior to the Senior Preferred Notes and other than such

deposits, loans or other obligations of the relevant Issuer which are given priority pursuant to applicable statutory provisions), save only where the Ranking Legislation provides otherwise for ordinary non-preferential debt generally, in which case the Senior Preferred Notes and such Coupons will rank as provided in the Ranking Legislation for ordinary non-preferential debt generally.

(b) **Senior Non-Preferred Notes**

The Senior Non-Preferred Notes (and the Coupons relating thereto, if any) constitute direct and unsecured obligations of the relevant Issuer and constitute secondary non-preferential debt of the relevant Issuer for the purposes of the Ranking Legislation. Subject to the Ranking Legislation, the Senior Non-Preferred Notes and any Coupons relating thereto rank junior to the Senior Preferred Notes of the relevant Issuer and any Coupons relating thereto. The Senior Non-Preferred Notes of the relevant Issuer rank *pari passu* without any preference among themselves.

The relevant Issuer and, by virtue of its holding of any Senior Non-Preferred Note or any beneficial interest therein, each Holder of a Senior Non-Preferred Note and each Holder of a Coupon relating to a Senior Non-Preferred Note acknowledge and agree that if a Winding-Up of the relevant Issuer occurs, the rights and claims of the Holders and the Couponholders (and the Trustee on their behalf) against the relevant Issuer in respect of, or arising under, each Senior Non-Preferred Note (and the Coupons relating thereto, if any) shall be for (in lieu of any other payment by the relevant Issuer) an amount equal to the principal amount of the relevant Senior Non-Preferred Note or any related Coupon, together with, to the extent not otherwise included within the foregoing, any other amounts attributable to such Senior Non-Preferred Note or any related Coupon, including any accrued and unpaid interest thereon and any damages awarded for breach of any obligations in respect of such Senior Non-Preferred Note or any related Coupon, provided however that such rights and claims shall rank:

(i) junior in right of payment in the manner provided in the Trust Deed to all claims in respect of Senior Preferred Notes and other ordinary non-preferential debt (as defined in the Ranking Legislation) of the relevant Issuer and any other creditors of the relevant Issuer which are given priority pursuant to applicable statutory provisions;

(ii) *pari passu* with all other Senior Non-Preferred Claims; and

(iii) in priority to all claims in respect of tertiary non-preferential debts (as defined in the Ranking Legislation) of the relevant Issuer (including any Tier 2 Capital Notes of the relevant Issuer),

save only where the Ranking Legislation provides otherwise for claims in respect of secondary non-preferential debt generally, in which case such claims will rank as the Ranking Legislation provides for claims in respect of secondary non-preferential debt generally (whether or not the Senior Non-Preferred Notes and any Coupons relating to them then constitute secondary non-preferential debt of the relevant Issuer for the purposes of the Ranking Legislation).

(c) **Tier 2 Capital Notes**

The Tier 2 Capital Notes (and the Coupons relating thereto, if any) constitute direct and unsecured obligations of the relevant Issuer and constitute tertiary non-preferential debt of the relevant Issuer for the purposes of the Ranking Legislation. Subject to the Ranking Legislation, the Tier 2 Capital Notes and any Coupons relating thereto rank junior to the Senior Preferred Notes and the Senior Non-Preferred Notes of the relevant Issuer and in each case any Coupons relating thereto. The Tier 2 Capital Notes of the relevant Issuer rank *pari passu* without any preference among themselves.

The relevant Issuer and, by virtue of its holding of any Tier 2 Capital Note or any beneficial interest therein, each Holder of a Tier 2 Capital Note and each Holder of a Coupon relating to a Tier 2 Capital

Note acknowledge and agree that if a Winding-Up of the relevant Issuer occurs, the rights and claims of the Holders and the Couponholders (and the Trustee on their behalf) against the relevant Issuer in respect of, or arising under, each Tier 2 Capital Note (and the Coupons relating thereto, if any) shall be for (in lieu of any other payment by the relevant Issuer) an amount equal to the principal amount of the relevant Tier 2 Capital Note or any related Coupon, together with, to the extent not otherwise included within the foregoing, any other amounts attributable to such Tier 2 Capital Note or any related Coupon, including any accrued and unpaid interest thereon and any damages awarded for breach of any obligations in respect of such Tier 2 Capital Note or any related Coupon, provided however that such rights and claims shall be subordinated as provided in this Condition 3(c) (*Tier 2 Capital Notes*) and in the Trust Deed to all Senior Claims but shall rank:

(i) at least *pari passu* with the claims of holders of all other subordinated obligations of the relevant Issuer which constitute, or would but for any applicable limitation on the amount of such capital constitute, Tier 2 Capital and all obligations of the relevant Issuer which rank, or are expressed to rank, *pari passu* therewith; and

(ii) in priority (x) to the claims of holders of all undated or perpetual subordinated obligations of the relevant Issuer and any other obligations of the relevant Issuer which rank or are expressed to rank junior to the Notes and (y) to the claims of holders of all classes of share capital of the relevant Issuer.

(d) **No set-off**

The provisions of this Condition 3(d) (*No set-off*) shall have effect in relation to (i) any Series of Senior Preferred Notes and Senior Non-Preferred Notes where the relevant Final Terms specify that Condition 3(d) (*No set*-off) applies and (ii) each Series of Tier 2 Capital Notes.

Subject to applicable law, no Holder may exercise, claim or plead any right of set-off, compensation or retention in respect of any amount owed to it by the relevant Issuer in respect of, or arising under or in connection with any Notes, any related Coupons or the Trust Deed and each Holder shall, by virtue of his holding of any Note or Coupon, be deemed, to the extent permitted under applicable law, to have waived all such rights of set-off, compensation or retention. Notwithstanding the preceding sentence, if any of the amounts owing to any Holder by the relevant Issuer in respect of, or arising under or in connection with any Notes or any related Coupons is discharged by set-off, such Holder shall, subject to applicable law, immediately pay an amount equal to the amount of such discharge to the relevant Issuer (or, in the event of its winding-up or administration, the liquidator or, as appropriate, administrator of the relevant Issuer) and, until such time as payment is made, shall hold an amount equal to such amount in trust for the relevant Issuer (or the liquidator or, as appropriate, administrator of the relevant Issuer (as the case may be)) and accordingly any such discharge shall be deemed not to have taken place.

(e) **Trustee Expenses**

Nothing in this Condition 3 (Status) shall affect or prejudice the payment of the costs, charges, expenses, liabilities or remuneration of the Trustee or the rights and remedies of the Trustee in respect thereof.

4 Fixed Rate Note Provisions

(a) ***Application***

This Condition 4 (*Fixed Rate Note Provisions*) is applicable to the Notes only if the Fixed Rate Note Provisions are specified in the relevant Final Terms as being applicable.

(b) ***Accrual of interest***

The Notes bear interest from (and including) the Interest Commencement Date at the Rate of Interest payable in arrear on each Interest Payment Date, subject as provided in Conditions 11 (*Payments – Bearer Notes*) and 12 (*Payments – Registered Notes*) (as applicable). Each Note will cease to bear interest from (and including) the due date for redemption unless, upon due presentation, payment of the Redemption Amount is improperly withheld or refused, in which case it will continue to bear interest in accordance with this Condition 4 (*Fixed Rate Note Provisions*) (as well after as before judgment) up to (but excluding) the Relevant Date.

(c) ***Fixed Coupon Amount***

The amount of interest payable in respect of each Note for any Interest Period shall be the relevant Fixed Coupon Amount and, if the Notes are in more than one Specified Denomination, shall be the relevant Fixed Coupon Amount in respect of the relevant Specified Denomination. Payments of interest on any Interest Payment Date will, if so specified in the relevant Final Terms, amount to the Broken Amount so specified.

(d) ***Calculation of interest amount***

The amount of interest payable in respect of each Note for any period for which a Fixed Coupon Amount is not specified shall be calculated by applying the Rate of Interest to the Calculation Amount, multiplying the product by the relevant Day Count Fraction, rounding the resulting figure to the nearest sub-unit of the Specified Currency (half a sub-unit being rounded upwards) and multiplying such rounded figure by a fraction equal to the Specified Denomination of such Note divided by the Calculation Amount. For this purpose a "**sub-unit**" means, in the case of any currency other than euro, the lowest amount of such currency that is available as legal tender in the country of such currency and, in the case of euro, means one cent.

5 Reset Note Provisions

(a) ***Application***

This Condition 5 (*Reset Note Provisions*) is applicable to the Notes only if the Reset Note Provisions are specified in the relevant Final Terms as being applicable.

(b) ***Accrual of interest***

The Notes bear interest:

(i) from (and including) the Interest Commencement Date specified in the relevant Final Terms to (but excluding) the First Reset Date at the rate per annum equal to the Initial Rate of Interest;

(ii) from (and including) the First Reset Date to (but excluding) the first Subsequent Reset Date or, if a Subsequent Reset Date is not specified in the relevant Final Terms, the Maturity Date at the rate per annum equal to the First Reset Rate of Interest; and

(iii) for each Subsequent Reset Period thereafter (if any), at the rate per annum equal to the relevant Subsequent Reset Rate of Interest,

payable, in each case, in arrear on each Interest Payment Date, subject as provided in Conditions 11 (*Payments – Bearer Notes*) and 12 (*Payments – Registered Notes*) (as applicable). Each Note will cease to bear interest from (and including) the due date for redemption unless, upon due presentation, payment of the Redemption Amount is improperly withheld or refused, in which case it will continue to bear interest in accordance with this Condition 5 (*Reset Note Provisions*) (as well after as before judgment) up to (but excluding) the Relevant Date.

(c) ***Rate of Interest***

The Rate of Interest applicable for each Reset Period shall, subject to Condition 9 (*Benchmark Discontinuation*), be determined by the Calculation Agent at or as soon as practicable after each time at which the Rate of Interest is to be determined on each Reset Determination Date. The Interest Amount payable on the Notes shall be calculated in accordance with the provisions for calculating amounts of interest in Condition 4 (*Fixed Rate Note Provisions*) and, for such purposes, Condition 4 (*Fixed Rate Note Provisions*) shall be construed accordingly.

(d) ***Fallback – Mid-Swap Rate***

Where the Reset Rate is specified as "Mid-Swap Rate" in the relevant Final Terms and if on any Reset Determination Date the Relevant Screen Page is not available or the Mid-Swap Rate does not appear on the Relevant Screen Page, the Calculation Agent shall request each of the Reference Banks to provide the Calculation Agent with its Mid-Market Swap Rate Quotation as at approximately 11.00 a.m. in the Principal Financial Centre of the Specified Currency on the Reset Determination Date in question.

If two or more of the Reference Banks provide the Calculation Agent with Mid-Market Swap Rate Quotations on the Reset Determination Date, the First Reset Rate of Interest or the Subsequent Reset Rate of Interest (as applicable) for the relevant Reset Period shall be the sum of the arithmetic mean of the relevant Mid-Market Swap Rate Quotations and the First Margin or Subsequent Margin (as applicable) (with such sum converted (if necessary) to a basis equivalent to the frequency with which scheduled interest payments are payable on the relevant Notes (such calculation to be made by the Calculation Agent)).

If only one of the Reference Banks provides the Calculation Agent with a Mid-Market Swap Rate Quotation on the Reset Determination Date, the First Reset Rate of Interest or the Subsequent Reset Rate of Interest (as applicable) for the Reset Period shall be the sum of such Mid-Market Swap Rate Quotation and the First Margin or Subsequent Margin (as applicable) (with such sum converted (if necessary) to a basis equivalent to the frequency with which scheduled interest payments are payable on the relevant Notes (such calculation to be made by the Calculation Agent)).

If on any Reset Determination Date none of the Reference Banks provides the Calculation Agent with a Mid-Market Swap Rate Quotation as provided in the foregoing provisions of this Condition 5(d) (*Fallback – Mid-Swap Rate*):

(i) in the case of the first Reset Determination Date only, the First Reset Rate of Interest shall be equal to the sum of:

(A) if Initial Mid-Swap Rate Final Fallback is specified in the relevant Final Terms as being applicable, (aa) the Initial Mid-Swap Rate and (bb) the First Margin (with such sum converted (if necessary) to a basis equivalent to the frequency with which scheduled interest payments are payable on the relevant Notes (such calculation to be made by the Calculation Agent));

(B) if Reset Maturity Initial Mid-Swap Rate Final Fallback is specified in the relevant Final Terms as being applicable, (aa) the Reset Period Maturity Initial Mid-Swap Rate and (bb) the First Margin (with such sum converted (if necessary) to a basis equivalent to the frequency with which scheduled interest payments are payable on the relevant Notes (such calculation to be made by the Calculation Agent)); or

(C) if Last Observable Mid-Swap Rate Final Fallback is specified in the applicable Final Terms as being applicable, (aa) the last observable rate for swaps in the Specified Currency

with a term equal to the relevant Reset Period which appears on the Relevant Screen Page and (bb) the First Margin (with such sum converted (if necessary) to a basis equivalent to the frequency with which scheduled interest payments are payable on the relevant Notes (such calculation to be made by the Calculation Agent)),

provided that (in the case of an issue of Senior Preferred Notes where the relevant Final Terms specify that Condition 3(d) (*No set-off*) applies, Senior Non-Preferred Notes or Tier 2 Capital Notes) if the application of (i)(B) or (i)(C) could, in the determination of the relevant Issuer, reasonably be expected to prejudice the qualification of the relevant Series of Tier 2 Capital Notes as Tier 2 Capital or the relevant Series of Senior Preferred Notes where the relevant Final Terms specify that Condition 3(d) (*No set-off*) applies or Senior Non-Preferred Notes as eligible liabilities or loss absorbing capacity instruments for the purposes of the Loss Absorption Regulations, then (i)(A) above will apply; or

(ii) in the case of any Reset Determination Date other than the first Reset Determination Date, the Subsequent Reset Rate of Interest shall be equal to the sum of:

(A) if Subsequent Reset Rate Mid-Swap Rate Final Fallback is specified in the relevant Final Terms as being applicable, (aa) the Mid-Swap Rate determined on the last preceding Reset Determination Date and (bb) the Subsequent Margin (with such sum converted (if necessary) to a basis equivalent to the frequency with which scheduled interest payments are payable on the relevant Notes (such calculation to be made by the Calculation Agent)); or

(B) if Subsequent Reset Rate Last Observable Mid-Swap Rate Final Fallback is specified in the relevant Final Terms as being applicable, (aa) the last observable rate for swaps in the Specified Currency with a term equal to the relevant Reset Period which appears on the Relevant Screen Page and (bb) the Subsequent Margin (with such sum converted (if necessary) to a basis equivalent to the frequency with which scheduled interest payments are payable on the relevant Notes (such calculation to be made by the Calculation Agent)),

provided that (in the case of an issue of Senior Preferred Notes where the relevant Final Terms specify that Condition 3(d) (*No set-off*) applies, Senior Non-Preferred Notes or Tier 2 Capital Notes) if the application of this paragraph (ii)(B), in the determination of the relevant Issuer, could reasonably be expected to prejudice the qualification of the relevant Series of Tier 2 Capital Notes as Tier 2 Capital or the relevant Series of Senior Preferred Notes where the relevant Final Terms specify that Condition 3(d) (*No set-off*) applies or Senior Non-Preferred Notes as eligible liabilities or loss absorbing capacity instruments for the purposes of the Loss Absorption Regulations, then (ii)(A) above will apply,

all as determined by the Calculation Agent in accordance with the provisions set out above.

(e) ***Fallback – Benchmark Gilt Rate***

Where the Reset Rate is specified as "Benchmark Gilt Rate" in the relevant Final Terms and where no quotations with respect to the Benchmark Gilt are provided by the relevant Reference Banks, the First Reset Rate of Interest or the Subsequent Reset Rate of Interest (as applicable) shall be determined to be the Rate of Interest as at the last preceding Reset Date or, in the case of the first Reset Determination Date, the First Reset Rate of Interest shall be the Initial Rate of Interest (though substituting, where a different First Margin or Subsequent Margin (as the case may be) specified in the relevant Final Terms is to be applied to the relevant Reset Period from that which applied (if any) to the last preceding Reset

Period, the First Margin or Subsequent Margin (as the case may be) relating to the relevant Reset Period in place of that relating to that last preceding Reset Period).

(f) ***Publication***

The Calculation Agent will cause each Rate of Interest determined by it and any other amount(s) required to be determined by it together with the relevant payment date(s) to be notified to the relevant Issuer, the Paying Agents and the Trustee as soon as possible after such determination but in any event not later than the fourth Business Day thereafter and the relevant Issuer shall thereafter notify, as soon as possible, each competent authority and/or stock exchange by which the Notes have then been admitted to listing and/or trading and, in accordance with Condition 21 (*Notices*), the Holders.

(g) ***Notifications etc.***

All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of this Condition 5 (*Reset Note Provisions*) by the Calculation Agent shall (in the absence of manifest error) be binding on the relevant Issuer, the Calculation Agent, the Trustee, the Paying Agents, the Registrar, the Transfer Agents and all Holders and (in the absence of wilful default or gross negligence) no liability to the Holders, Couponholders or the relevant Issuer shall attach to the Calculation Agent in connection with the exercise or non-exercise by it of any of its powers, duties and discretions.

6 Floating Rate Note Provisions

(a) ***Application***

This Condition 6 (*Floating Rate Note Provisions*) is applicable to the Notes only if the Floating Rate Note Provisions are specified in the relevant Final Terms as being applicable.

(b) ***Accrual of interest***

The Notes bear interest from (and including) the Interest Commencement Date at the Rate of Interest payable in arrear on each Interest Payment Date, subject as provided in Conditions 11 (*Payments – Bearer Notes*) and 12 (*Payments – Registered Notes*) (as applicable). Each Note will cease to bear interest from (and including) the due date for redemption unless, upon due presentation, payment of the Redemption Amount is improperly withheld or refused, in which case it will continue to bear interest in accordance with this Condition 6 (*Floating Rate Note Provisions*) (as well after as before judgment) up to (but excluding) the Relevant Date.

(c) ***Screen Rate Determination – Floating Rate Notes other than Floating Rate Notes referencing SONIA***

If Screen Rate Determination is specified in the relevant Final Terms as the manner in which the Rate(s) of Interest is/are to be determined and the relevant Final Terms do not specify that the Reference Rate is SONIA, the Rate of Interest applicable to the Notes for each Interest Period will be determined by the Calculation Agent, subject to Condition 9 (*Benchmark Discontinuation*), on the following basis:

(i) if the Reference Rate is a composite quotation or customarily supplied by one entity, the Calculation Agent will determine the Reference Rate which appears on the Relevant Screen Page as of the Relevant Time on the relevant Interest Determination Date;

(ii) if Linear Interpolation is specified as applicable in respect of an Interest Period in the relevant Final Terms, the Rate of Interest for such Interest Period shall be calculated by the Calculation Agent by straight-line linear interpolation by reference to two rates which appear on the Relevant Screen Page as of the Relevant Time on the relevant Interest Determination Date, where:

(A) one rate shall be determined as if the period of time designated in the Reference Rate were the period of time for which rates are available next shorter than the length of the relevant Interest Period; and

(B) the other rate shall be determined as if the period of time designated in the Reference Rate were the period of time for which rates are available next longer than the length of the relevant Interest Period,

provided, however, that if no rate is available for a period of time next shorter or, as the case may be, next longer than the length of the period of time designated in the Reference Rate, then the Calculation Agent shall determine such rate at such time and by reference to such sources as it determines appropriate;

(iii) in any other case, the Calculation Agent will determine the arithmetic mean of the Reference Rates which appear on the Relevant Screen Page as of the Relevant Time on the relevant Interest Determination Date;

(iv) if, in the case of (i) above, such rate does not appear on that page or, in the case of (iii) above, fewer than two such rates appear on that page or if, in either case, the Relevant Screen Page is unavailable, the Calculation Agent will in consultation with the relevant Issuer:

(A) request each of the Reference Banks to provide to the Calculation Agent a quotation of the Reference Rate as at approximately the Relevant Time on the Interest Determination Date to prime banks in the Relevant Financial Centre interbank market in an amount that is representative for a single transaction in that market at that time; and

(B) determine the arithmetic mean of such quotations; and

(v) if fewer than two such quotations are provided as requested, the Calculation Agent will determine the arithmetic mean of the rates quoted by major banks in the Principal Financial Centre of the Specified Currency, selected by the relevant Issuer, at approximately 11.00 a.m. (local time in the Principal Financial Centre of the Specified Currency) on the first day of the relevant Interest Period for loans in the Specified Currency to leading European banks for a period equal to the relevant Interest Period and in an amount that is representative for a single transaction in that market at that time,

and the Rate of Interest for such Interest Period shall be the sum of the Margin and the rate or (as the case may be) the arithmetic mean so determined; provided, however, that if the Calculation Agent is unable to determine a rate or (as the case may be) an arithmetic mean in accordance with the above provisions in relation to any Interest Period, the Rate of Interest applicable to the Notes during such Interest Period will be the sum of the Margin and the rate or (as the case may be) the arithmetic mean last determined in relation to the Notes in respect of a preceding Interest Period or, in the absence of a preceding Interest Period, the Rate of Interest applicable to the Notes during such Interest Period shall be the Initial Rate of Interest (though substituting, where a different Margin or Maximum Rate of Interest or Minimum Rate of Interest specified in the relevant Final Terms is to be applied to the relevant Interest Period from that which applied to the last preceding Interest Period, the Margin or Maximum Rate of Interest or Minimum Rate of Interest relating to the relevant Interest Period in place of the Margin or Maximum Rate of Interest or Minimum Rate of Interest relating to that last preceding Interest Period).

(d) ***Screen Rate Determination – Floating Rate Notes Referencing SONIA (Non-Index Determination)***

Where (i) Screen Rate Determination is specified in the relevant Final Terms as the manner in which the Rate(s) of Interest is/are to be determined, (ii) the relevant Final Terms specify that the Reference Rate

is SONIA and (iii) Index Determination is specified as "Not Applicable" in the relevant Final Terms, the Rate of Interest for each Interest Period will, subject to Condition 9 (*Benchmark Discontinuation*) and as provided below, be Compounded Daily SONIA plus or minus (as indicated in the relevant Final Terms) the applicable Margin.

"**Compounded Daily SONIA**" means with respect to an Interest Period, the rate of return of a daily compound interest investment during the Observation Period corresponding to such Interest Period (with the daily Sterling overnight reference rate as reference rate for the calculation of interest) and will be calculated by the Calculation Agent (or such other party responsible for the calculation of the Rate of Interest, as specified in the relevant Final Terms) as at the relevant Interest Determination Date, as follows:

$$\left[\prod_{i=1}^{d_o}\left(1+\frac{SONIA_{\text{i - pLBD}} \times \text{n}_\text{i}}{365}\right)-1\right]\times\frac{365}{d}$$

where:

"**d**" is the number of calendar days in:

a. where "Lag" is specified as the Observation Method in the relevant Final Terms, the relevant Interest Period; or

b. where "Observation Shift" is specified as the Observation Method in the relevant Final Terms, the relevant Observation Period;

"$\mathbf{d_o}$" means:

a. where "Lag" is specified as the Observation Method in the relevant Final Terms, the number of London Banking Days in the relevant Interest Period; or

b. where "Observation Shift" is specified as the Observation Method in the relevant Final Terms, the number of London Banking Days in the relevant Observation Period;

"**i**" is a series of whole numbers from one to d_o, each representing the relevant London Banking Day in chronological order from, and including:

a. where "Lag" is specified as the Observation Method in the relevant Final Terms, the first London Banking Day in the relevant Interest Period to, and including, the last London Banking Day in the relevant Interest Period; or

b. where "Observation Shift" is specified as the Observation Method in the relevant Final Terms, the first London Banking Day in the relevant Observation Period to, and including, the last London Banking Day in the relevant Observation Period;

"**London Banking Day**" or "**LBD**" means any day on which commercial banks are open for general business (including dealing in foreign exchange and foreign currency deposits) in London;

"$\mathbf{n_i}$", for any London Banking Day "**i**", means the number of calendar days from and including such London Banking Day "**i**" up to but excluding the following London Banking Day;

"**Observation Period**" means the period from and including the date falling "p" London Banking Days prior to the first day of the relevant Interest Period (and the first Interest Period shall begin on and include the Interest Commencement Date) and ending on, but excluding, the date falling "p" London Banking

Days prior to the Interest Payment Date for such Interest Period (or the date falling "p" London Banking Days prior to such earlier date, if any, on which the Notes become due and payable);

"**p**" means:

a. where "Lag" is specified as the Observation Method in the relevant Final Terms, the number of London Banking Days in the Observation Look-Back Period specified in the relevant Final Terms (or, if no such number is specified five London Banking Days);

b. where "Observation Shift" is specified as the Observation Method in the relevant Final Terms, the number of London Banking Days included in the Observation Shift Period specified in the relevant Final Terms (or, if no such number is specified five London Banking Days).

the "**SONIA reference rate**", in respect of any London Banking Day, is a reference rate equal to the daily Sterling Overnight Index Average (SONIA) rate for such London Banking Day as provided by the administrator of SONIA to authorised distributors and as then published on the Relevant Screen Page or, if the Relevant Screen Page is unavailable, as otherwise published by such authorised distributors (on the London Banking Day immediately following such London Banking Day); and

"$\mathbf{SONIA}_{i-p_{LBD}}$" means:

a. where "Lag" is specified as the Observation Method in the relevant Final Terms, in respect of any London Banking Day "i", the SONIA reference rate for the London Banking Day falling "p" London Banking Days prior to such London Banking Day "i"; or

b. where "Observation Shift" is specified as the Observation Method in the relevant Final Terms, in respect of any London Banking Day "i", the SONIA reference rate for that day.

If, in respect of any London Banking Day, the Calculation Agent (or such other party responsible for the calculation of the Rate of Interest, as specified in the relevant Final Terms) determines that the SONIA reference rate is not available on the Relevant Screen Page or has not otherwise been published by the relevant authorised distributors, such SONIA reference rate shall be: (i) the Bank of England's Bank Rate (the "**Bank Rate**") prevailing at 5.00 p.m. (or, if earlier, close of business) on the relevant London Banking Day; plus (ii) the mean of the spread of the SONIA reference rate to the Bank Rate over the previous five London Banking Days on which a SONIA reference rate has been published, excluding the highest spread (or, if there is more than one highest spread, one only of those highest spreads) and lowest spread (or, if there is more than one lowest spread, one only of those lowest spreads).

In the event that the Rate of Interest cannot be determined in accordance with the foregoing provisions by the Calculation Agent (or such other party responsible for the calculation of the Rate of Interest, as specified in the relevant Final Terms), the Rate of Interest shall be (i) that determined as at the last preceding Interest Determination Date (though substituting, where a different Margin or Maximum Rate of Interest or Minimum Rate of Interest specified in the relevant Final Terms is to be applied to the relevant Interest Period from that which applied to the last preceding Interest Period, the Margin or Maximum Rate of Interest or Minimum Rate of Interest relating to the relevant Interest Period in place of the Margin or Maximum Rate of Interest or Minimum Rate of Interest relating to that last preceding Interest Period) or (ii) if there is no such preceding Interest Determination Date, the initial Rate of Interest which would have been applicable to such Series of Notes for the first Interest Period had the Notes been in issue for a period equal in duration to the scheduled first Interest Period but ending on (and excluding) the Interest Commencement Date (but applying the Margin and any Maximum Rate of Interest or Minimum Rate of Interest applicable to the first Interest Period).

If the relevant Series of Notes become due and payable in accordance with Condition 14 (*Events of Default*), the final Interest Determination Date shall, notwithstanding any Interest Determination Date specified in the relevant Final Terms, be deemed to be the date on which such Notes became due and payable and the Rate of Interest on such Notes shall, for so long as any such Note remains outstanding, be that determined on such date and as if (solely for the purpose of such interest determination) the relevant Interest Period had been shortened accordingly.

(e) ***Screen Rate Determination – Floating Rate Notes Referencing SONIA (Index Determination)***

Where (i) Screen Rate Determination is specified in the relevant Final Terms as the manner in which the Rate(s) of Interest is/are to be determined, (ii) the relevant Final Terms specify that the Reference Rate is SONIA and (iii) Index Determination is specified as "Applicable" in the relevant Final Terms, the Rate of Interest for each Interest Period will, subject to Condition 9 (*Benchmark Discontinuation*) and as provided below, be the SONIA Compounded Index Rate plus or minus (as indicated in the relevant Final Terms) the applicable Margin.

"**SONIA Compounded Index Rate**" means, with respect to an Interest Period, the rate of return of a daily compound interest investment during the Observation Period corresponding to such Interest Period (with the daily Sterling overnight reference rate as the reference rate for the calculation of interest) and will be calculated by the Calculation Agent (or such other party responsible for the calculation of the Rate of Interest, as specified in the relevant Final Terms) on the Interest Determination Date in accordance with the following formula:

$$\left(\frac{SONIA\ Compounded\ Index_{END}}{SONIA\ Compounded\ Index_{START}} - 1\right) \times \frac{365}{d}$$

where:

"**London Banking Day**" and "**Observation Period**" have the meanings set out under Condition 6(d) (*Screen Rate Determination – Floating Rate Notes Referencing SONIA (Non-Index Determination)*));

"**d**" means the number of calendar days in the relevant Observation Period;

"**p**" means the number of London Banking Days included in the SONIA Compounded Index Observation Shift Period specified in the relevant Final Terms (or, if no such number is specified, five London Banking Days);

"**SONIA Compounded Index**" means the index known as the SONIA Compounded Index administered by the Bank of England (or any successor administrator thereof);

"**SONIA Compounded Index**$_{START}$" means, with respect to an Interest Period, the SONIA Compounded Index Value on the first day of the relevant Observation Period;

"**SONIA Compounded Index**$_{END}$" means the SONIA Compounded Index Value on the last day of the relevant Observation Period; and

"**SONIA Compounded Index Value**" means, in relation to any London Banking Day, the value of the SONIA Compounded Index as published on the Relevant Screen Page on such London Banking Day or, if the value of the SONIA Compounded Index cannot be obtained from the Relevant Screen Page, as published on the Bank of England's website at www.bankofengland.co.uk/boeapps/database/ (or such other page or website as may replace such page for the purposes of publishing the SONIA Compounded Index) in respect of the relevant London Banking Day.

Subject to Condition 9 (*Benchmark Discontinuation*), if the SONIA Compounded Index Value is not available in relation to any Interest Period on the Relevant Screen Page or the Bank of England's website (or such other page or website referred to in the definition of "SONIA Compounded Index Value" above) for the determination of either or both of SONIA Compounded $\text{Index}_{\text{START}}$ and SONIA Compounded $\text{Index}_{\text{END}}$, the Rate of Interest for such Interest Period shall be "Compounded Daily SONIA" determined as set out in Condition 6(d) (*Screen Rate Determination – Floating Rates Referencing SONIA (Non-Index Determination*)) above plus or minus (as indicated in the relevant Final Terms) the applicable Margin and as if Index Determination were specified in the applicable Final Terms as being "Not Applicable", and for these purposes: (A) (i) the "Observation Method" shall be deemed to be "Observation Shift" and (ii) the "Observation Shift Period" shall be deemed to be equal to the "SONIA Compounded Index Observation Shift Period", as if those alternative elections had been made in the applicable Final Terms; and (B) the "Relevant Screen Page" shall be deemed to be the "Relevant Fallback Screen Page" specified in the relevant Final Terms.

If the relevant Series of Notes become due and payable in accordance with Condition 14 (*Events of Default*), the final Interest Determination Date shall, notwithstanding any Interest Determination Date specified in the relevant Final Terms, be deemed to be the date on which such Notes became due and payable and the Rate of Interest on such Notes shall, for so long as any such Note remains outstanding, be that determined on such date and as if (solely for the purpose of such interest determination) the relevant Interest Period had been shortened accordingly.

(f) ***ISDA Determination***

If ISDA Determination is specified in the relevant Final Terms as the manner in which the Rate(s) of Interest is/are to be determined, the Rate of Interest applicable to the Notes for each Interest Period will be the sum of the Margin and the relevant ISDA Rate where "**ISDA Rate**" in relation to any Interest Period means a rate equal to the Floating Rate that would be determined by the Calculation Agent under an interest rate swap transaction if the Calculation Agent were acting as acting as Calculation Agent for that interest rate swap transaction under the terms of an agreement incorporating the ISDA Definitions and under which:

(i) the Floating Rate Option is as specified in the relevant Final Terms;

(ii) the Designated Maturity is a period specified in the relevant Final Terms;

(iii) the relevant Reset Date is as specified in the relevant Final Terms; and

(iv) if Linear Interpolation is specified as applicable in respect of an Interest Period in the relevant Final Terms, the Rate of Interest for such Interest Period shall be calculated by the Calculation Agent by straight-line linear interpolation by reference to two rates based on the relevant Floating Rate Option, where:

(A) one rate shall be determined as if the Designated Maturity were the period of time for which rates are available next shorter than the length of the relevant Interest Period; and

(B) the other rate shall be determined as if the Designated Maturity were the period of time for which rates are available next longer than the length of the relevant Interest Period,

provided, however, that if there is no rate available for a period of time next shorter than the length of the relevant Interest Period or, as the case may be, next longer than the length of the relevant Interest Period, then the Calculation Agent shall determine such rate at such time and by reference to such sources as it determines appropriate.

The expressions "**Floating Rate**", "**Calculation Agent**", "**Floating Rate Option**", "**Designated Maturity**" and "**Reset Date**" in this Condition 6(f) (*ISDA Determination*) have the respective meanings given to them in the ISDA Definitions.

(g) ***Maximum or Minimum Rate of Interest***

If any Maximum Rate of Interest or Minimum Rate of Interest is specified in the relevant Final Terms, then the Rate of Interest shall in no event be greater than the maximum or be less than the minimum so specified. Unless otherwise specified in the relevant Final Terms, the Minimum Rate of Interest shall be zero.

(h) ***Calculation of Interest Amount***

The Calculation Agent will, as soon as practicable after the time at which the Rate of Interest is to be determined in relation to each Interest Period, calculate the Interest Amount payable in respect of each Note for such Interest Period. The Interest Amount will be calculated by applying the Rate of Interest for such Interest Period to the Calculation Amount, multiplying the product by the relevant Day Count Fraction, rounding the resulting figure to the nearest sub-unit of the Specified Currency (half a sub-unit being rounded upwards) and multiplying such rounded figure by a fraction equal to the Specified Denomination of the relevant Note divided by the Calculation Amount. For this purpose a "**sub-unit**" means, in the case of any currency other than euro, the lowest amount of such currency that is available as legal tender in the country of such currency and, in the case of euro, means one cent.

(i) ***Publication***

The Calculation Agent will cause each Rate of Interest and Interest Amount determined by it, together with the relevant Interest Payment Date, and any other amount(s) required to be determined by it together with any relevant payment date(s) to be notified to the relevant Issuer, the Paying Agents and the Trustee and the relevant Issuer shall notify each competent authority and/or stock exchange on which the Notes are for the time being admitted to listing and/or trading as soon as possible after such determination but in any event not later than the fourth Business Day thereafter. Notice thereof shall also be given to the Noteholders by the relevant Issuer in accordance with Condition 21 (*Notices*) as soon as possible after the determination or calculation thereof. The Calculation Agent will be entitled to recalculate any Interest Amount (on the basis of the foregoing provisions) without notice in the event of an extension or shortening of the relevant Interest Period. Any such recalculation will promptly be notified to each competent authority and/or stock exchange on which the Notes are for the time being admitted to listing and/or trading and to the Noteholders in accordance with Condition 21 (*Notices*). If the Calculation Amount is less than the minimum Specified Denomination the Calculation Agent shall not be obliged to publish each Interest Amount but instead may publish only the Calculation Amount and the Interest Amount in respect of a Note having the minimum Specified Denomination.

(j) ***Notifications etc.***

All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of this Condition 6 (*Floating Rate Note Provisions*) by the Calculation Agent shall (in the absence of manifest error) be binding on the relevant Issuer, the Calculation Agent, the Trustee, the Paying Agents, the Registrar, the Transfer Agents and all Holders and (in the absence of wilful default or gross negligence) no liability to the Holders, Couponholders or the relevant Issuer shall attach to the Calculation Agent in connection with the exercise or non-exercise by it of any of its powers, duties and discretions.

7 Zero Coupon Note Provisions

(a) ***Application***

This Condition 7 (*Zero Coupon Note Provisions*) is applicable to the Notes only if the Zero Coupon Note Provisions are specified in the relevant Final Terms as being applicable.

(b) ***Late payment on Zero Coupon Notes***

If the Redemption Amount payable in respect of any Zero Coupon Note is improperly withheld or refused, the Redemption Amount shall thereafter be an amount equal to the sum of:

(i) the Reference Price; and

(ii) the product of the Accrual Yield (compounded annually) being applied to the Reference Price on the basis of the relevant Day Count Fraction from (and including) the issue date of the first Tranche of the relevant Series of Notes to (but excluding) whichever is the earlier of (A) the day on which all sums due in respect of such Note up to that day are received by or on behalf of the relevant Noteholder and (B) the day which is seven days after the Principal Paying Agent or the Trustee has notified the Noteholders that it has received all sums due in respect of the Notes up to such seventh day (except to the extent that there is any subsequent default in payment).

8 Fixed/Floating Rate Notes

(a) ***Application***

This Condition 8 (*Fixed/Floating Rate Notes*) is applicable to the Notes only if the Fixed Rate Note Provisions and the Floating Rate Note Provisions are specified in the relevant Final Terms as being applicable.

(b) ***Fixed/Floating Rate***

The relevant Issuer may issue Notes (i) that the relevant Issuer may elect to convert on the date set out in the relevant Final Terms from a Fixed Rate Note to a Floating Rate Note, or from a Floating Rate Note to a Fixed Rate Note or (ii) that will automatically change from a Fixed Rate Note to a Floating Rate Note, or from a Floating Rate Note to a Fixed Rate Note on the date set out in the relevant Final Terms, in either case, as set out in the relevant Final Terms.

9 Benchmark Discontinuation

This Condition 9 (*Benchmark Discontinuation*) applies to Floating Rate Notes and to Reset Notes.

(a) ***Independent Adviser***

Notwithstanding the fallback provisions provided for in Condition 5(d) (*Fallback – Mid-Swap Rate*), Condition 5(e) (*Fallback – Benchmark Gilt Rate*), Condition 6(c) (*Screen Rate Determination – Floating Rate Notes other than Floating Rate Notes referencing SONIA*), Condition 6(d) (*Screen Rate Determination – Floating Rate Notes Referencing SONIA* (*Non-Index Determination*)) or Condition 6(e) (*Screen Rate Determination – Floating Rate Notes Referencing SONIA* (*Index Determination*)), if a Benchmark Event occurs in relation to an Original Reference Rate when any Rate of Interest (or any component part thereof) remains to be determined by reference to such Original Reference Rate, then the relevant Issuer shall use its reasonable endeavours to appoint an Independent Adviser, as soon as reasonably practicable, to advise (in good faith and in a commercially reasonable manner) the relevant Issuer in determining a Successor Rate, failing which an Alternative Rate (in accordance with Condition 9(b) (*Successor Rate or Alternative Rate*)) and, in either case, an Adjustment Spread if any (in accordance with Condition 9(c) (*Adjustment Spread*)) and any Benchmark Amendments (in accordance

with Condition 9(d) (*Benchmark Amendments*)). If the relevant Issuer is unable to appoint an Independent Adviser, the relevant Issuer may determine a Successor Rate, failing which an Alternative Rate (in accordance with Condition 9(b) (*Successor Rate or Alternative Rate*)) and, in either case, an Adjustment Spread if any (in accordance with Condition 9(c) (*Adjustment Spread*)) and any Benchmark Amendments (in accordance with Condition 9(d) (*Benchmark Amendments*)).

In making any such determination, the relevant Issuer shall act in good faith and in a commercially reasonable manner. In the absence of fraud, the relevant Issuer and the Independent Adviser shall have no liability whatsoever to the relevant Issuer, the Trustee, the Paying Agents, the Noteholders or the Couponholders for any determination made by it and for any advice given to the relevant Issuer in connection with any determination made by such relevant Issuer, pursuant to this Condition 9 (*Benchmark Discontinuation*).

If the relevant Issuer fails to determine a Successor Rate or, failing which, an Alternative Rate and, in either case, an Adjustment Spread in accordance with this Condition 9 (*Benchmark Discontinuation*) prior to the relevant Interest Determination Date, the Rate of Interest applicable to the next succeeding Interest Period shall be equal to the Rate of Interest last determined in relation to the Notes in respect of the immediately preceding Interest Period. If there has not been a first Interest Payment Date, the Rate of Interest shall be the Initial Rate of Interest. Where a different Margin, Maximum Rate of Interest or Minimum Rate of Interest is to be applied to the relevant Interest Period from that which applied to the last preceding Interest Period, the Margin, Maximum Rate of Interest or Minimum Rate of Interest relating to the relevant Interest Period shall be substituted in place of the Margin, Maximum Rate of Interest or Minimum Rate of Interest relating to that last preceding Interest Period. For the avoidance of doubt, this sub-paragraph shall apply to the relevant next succeeding Interest Period only and any subsequent Interest Periods are subject to the subsequent operation of, and to adjustment as provided in, this Condition 9 (*Benchmark Discontinuation*).

(b) ***Successor Rate or Alternative Rate***

If the relevant Issuer, following consultation with the Independent Adviser (if any), determines that:

(i) there is a Successor Rate, then such Successor Rate and the applicable Adjustment Spread shall subsequently be used in place of the Original Reference Rate to determine the Rate of Interest (or the relevant component part thereof) for all future payments of interest on the Notes (subject to the operation of this Condition 9 (*Benchmark Discontinuation*)); or

(ii) there is no Successor Rate but that there is an Alternative Rate, then such Alternative Rate and the applicable Adjustment Spread shall subsequently be used in place of the Original Reference Rate to determine the Rate of Interest (or the relevant component part thereof) for all future payments of interest on the Notes (subject to the operation of this Condition 9 (*Benchmark Discontinuation*)).

(c) ***Adjustment Spread***

The Adjustment Spread (or the formula or methodology for determining the Adjustment Spread) shall be applied to the Successor Rate or the Alternative Rate (as the case may be), including for each subsequent determination of a relevant Rate of Interest (or any component part(s) thereof) by reference to such Successor Rate or Alternative Rate (as applicable) subject to the subsequent operation of this Condition 9 (*Benchmark Discontinuation*).

If the relevant Issuer, following consultation with the Independent Adviser (if any), is unable to determine the Adjustment Spread (or the formula or methodology for determining such Adjustment Spread) then the fallback provisions described in the final sub-paragraph of Condition 9(a) (*Independent*

Adviser) shall apply. For the avoidance of doubt, this sub-paragraph shall apply to the relevant next succeeding Interest Period, and any subsequent Interest Periods are subject to the subsequent operation of, and to adjustment as provided in, the first sub-paragraph of Condition 9(a) (*Independent Adviser*).

(d) ***Benchmark Amendments***

If any Successor Rate or Alternative Rate and, in either case, the applicable Adjustment Spread is determined in accordance with this Condition 9 (*Benchmark Discontinuation*) and the relevant Issuer, following consultation with the Independent Adviser (if any), determines (i) that amendments to these Conditions, the Agency Agreement and/or the Trust Deed are necessary to ensure the proper operation of such Successor Rate, Alternative Rate and/or (in either case) the applicable Adjustment Spread (such amendments, the "**Benchmark Amendments**") and (ii) the terms of the Benchmark Amendments, then the relevant Issuer shall, subject to giving notice thereof in accordance with Condition 9(e) (*Notices, etc.*), without any requirement for the consent or approval of Noteholders, vary these Conditions, the Agency Agreement and/or the Trust Deed to give effect to such Benchmark Amendments with effect from the date specified in such notice.

At the request of the relevant Issuer, but subject to receipt by the Trustee, the Calculation Agent and the Principal Paying Agent of a certificate signed by two Authorised Signatories of the relevant Issuer pursuant to Condition 9(e) (*Notices, etc.*), the Trustee, the Calculation Agent and the Principal Paying Agent shall (at the expense and direction of the relevant Issuer), without any requirement for the consent or approval of the Noteholders or Couponholders, be obliged to concur with the relevant Issuer and use reasonable endeavours to effect any Benchmark Amendments (including, *inter alia*, by the execution of a deed supplemental to or amending the Trust Deed) and the Trustee, the Calculation Agent and the Principal Paying Agent shall not be liable to any party for any consequences thereof, provided that the Trustee, the Calculation Agent and the Principal Paying Agent shall not be obliged so to concur or use such endeavours if in the opinion of the Trustee, the Calculation Agent and the Principal Paying Agent (as applicable) doing so would impose more onerous obligations upon it or expose it to any additional duties, responsibilities or liabilities or reduce or amend the rights and/or the protective provisions afforded to it in these Conditions and/or any documents to which it is a party (including, for the avoidance of doubt, any supplemental trust deed) in any way. For the avoidance of doubt, no Noteholder or Couponholders consent shall be required in connection with effecting any Benchmark Amendments or such other changes, including for the execution of any documents, amendments or other steps by the relevant Issuer, the Trustee, the Calculation Agent or the Principal Paying Agent (if required).

In connection with any such variation in accordance with this Condition 9(d) (*Benchmark Amendments*), the relevant Issuer shall comply with the rules of any stock exchange on which the Notes are for the time being listed or admitted to trading.

Notwithstanding any other provision of this Condition 9 (*Benchmark Discontinuation*), no Successor Rate or Alternative Rate will be adopted, nor will the applicable Adjustment Spread be applied, nor will any Benchmark Amendments be made, if and to the extent that, in the determination of the relevant Issuer, the same could reasonably be expected either (i) to prejudice the qualification of the Notes as Tier 2 Capital of the relevant Issuer and/or as eligible liabilities or loss absorbing capacity instruments for the purposes of the Loss Absorption Regulations or (ii) (in the case of Senior Preferred Notes where the relevant Final Terms specify that Condition 3(d) (*No set-off*) applies or Senior Non-Preferred Notes only) to result in the relevant Competent Authority treating the Interest Payment Date or Reset Date, as the case may be, as the effective maturity date of the Notes, rather than the relevant Maturity Date for the purposes of the Loss Absorption Regulations (if applicable).

(e) ***Notices, etc.***

Any Successor Rate, Alternative Rate, Adjustment Spread and the specific terms of any Benchmark Amendments determined under this Condition 9 (*Benchmark Discontinuation*) will be notified promptly by the relevant Issuer to the Trustee, the Calculation Agent, the Paying Agents and, in accordance with Condition 21 (*Notices*), the Noteholders. Such notice shall be irrevocable and shall specify the effective date of the Benchmark Amendments, if any.

No later than notifying the Trustee, the Calculation Agent and the Principal Paying Agent of the same, the relevant Issuer shall deliver to the Trustee, the Calculation Agent and the Principal Paying Agent a certificate signed by two Authorised Signatories of the relevant Issuer:

(i) confirming (A) that a Benchmark Event has occurred, (B) the Successor Rate or, as the case may be, the Alternative Rate and, (C) the applicable Adjustment Spread and/or (D) the specific terms of the Benchmark Amendments (if any), in each case as determined in accordance with the provisions of this Condition 9 (*Benchmark Discontinuation*); and

(ii) certifying that the Benchmark Amendments (if any) are necessary to ensure the proper operation of such Successor Rate or Alternative Rate and (in either case) the applicable Adjustment Spread.

Each of the Trustee, the Principal Paying Agent, the Calculation Agent and the Paying Agents shall be entitled to rely on such certificate (without enquiry or liability to any person) as sufficient evidence thereof. For the avoidance of doubt, each of the Trustee, the Calculation Agent and the Principal Paying Agent shall not be liable to the Holders or any other such person for so acting or relying on such certificate, irrespective of whether any such modification is or may be materially prejudicial to the interests of any such person. The Successor Rate or Alternative Rate and the Adjustment Spread and the Benchmark Amendments specified in such certificate will (in the absence of manifest error in the determination of the Successor Rate or Alternative Rate and the Adjustment Spread (if any) and the Benchmark Amendments (if any) and without prejudice to the Trustee's, Calculation Agent's and Paying Agents' respective abilities to rely on such certificate as aforesaid) be binding on the relevant Issuer, the Trustee, the Calculation Agent, the Paying Agents and the Noteholders and Couponholders.

(f) ***Survival of Original Reference Rate***

Without prejudice to the obligations of the relevant Issuer under Condition 9(a) (*Independent Adviser*), Condition 9(b) (*Successor Rate or Alternative Rate*), Condition 9(c) (*Adjustment Spread*) and Condition 9(d) (*Benchmark Amendments*), the Original Reference Rate and the fallback provisions provided for in Condition 5(d) (*Fallback – Mid-Swap Rate*), Condition 5(e) (*Fallback – Benchmark Gilt Rate*), Condition 6(c) (*Screen Rate Determination – Floating Rate Notes other than Floating Rate Notes referencing SONIA*), Condition 6(d) (*Screen Rate Determination – Floating Rate Notes Referencing SONIA (Non-Index Determination)*) or Condition 6(e) (*Screen Rate Determination – Floating Rate Notes Referencing SONIA (Index Determination*)), as the case may be, will continue to apply unless and until a Benchmark Event has occurred and the Trustee has been notified of the Successor Rate or the Alternative Rate (as the case may be), and any Adjustment Spread and Benchmark Amendments, in accordance with Condition 9(e) (*Notices, etc*).

(g) ***Definitions***

As used in this Condition 9 (*Benchmark Discontinuation*):

"**Adjustment Spread**" means either (a) a spread (which may be positive, negative or zero), or (b) a formula or methodology for calculating a spread, in each case to be applied to the Successor Rate or the Alternative Rate (as the case may be) and is the spread, formula or methodology which:

(i) in the case of a Successor Rate, is formally recommended in relation to the replacement of the Original Reference Rate with the Successor Rate by any Relevant Nominating Body; or (if no such recommendation has been made, or in the case of an Alternative Rate)

(ii) the relevant Issuer, following consultation with the Independent Adviser (if any), determines, is customarily applied to the relevant Successor Rate or the Alternative Rate (as the case may be) in international debt capital markets transactions which reference the Original Reference Rate to produce an industry-accepted replacement rate for the Original Reference Rate; or (if the relevant Issuer, following consultation with the Independent Adviser (if any), determines that no such spread is customarily applied)

(iii) the relevant Issuer, following consultation with the Independent Adviser (if any), determines is recognised or acknowledged as being the industry standard for over-the-counter derivative transactions which reference the Original Reference Rate, where such rate has been replaced by the Successor Rate or the Alternative Rate (as the case may be); or (if the relevant Issuer, following consultation with the Independent Adviser (if any), determines that no such industry standard is recognised or acknowledged)

(iv) the relevant Issuer, following consultation with the Independent Adviser (if any), determines to be appropriate;

"**Alternative Rate**" means an alternative benchmark or screen rate which the relevant Issuer, following consultation with the Independent Adviser (if any), determines in accordance with Condition 9(b) (*Successor Rate or Alternative Rate*) is customarily applied in international debt capital markets transactions for the purposes of determining rates of interest (or the relevant component part thereof) in the same Specified Currency as the Notes;

"**Benchmark Amendments**" has the meaning given to it in Condition 9(d) (*Benchmark Amendments*);

"**Benchmark Event**" means:

(i) the Original Reference Rate ceasing to be published for a period of at least five Business Days or ceasing to exist; or

(ii) the making of a public statement by the administrator of the Original Reference Rate that it has ceased or that it will cease publishing the Original Reference Rate permanently or indefinitely (in circumstances where no successor administrator has been appointed that will continue publication of the Original Reference Rate); or

(iii) the making of a public statement by the supervisor of the administrator of the Original Reference Rate, that the Original Reference Rate has been or will be permanently or indefinitely discontinued; or

(iv) the making of a public statement by the supervisor of the administrator of the Original Reference Rate as a consequence of which the Original Reference Rate will be prohibited from being used either generally, or in respect of the Notes; or

(v) the making of a public statement by the supervisor of the administrator of the Original Reference Rate that the Original Reference Rate is no longer representative of an underlying market; or

(vi) it has become unlawful for any Paying Agent, the Calculation Agent or the relevant Issuer to calculate any payments due to be made to any Noteholder using the Original Reference Rate,

provided that the Benchmark Event shall be deemed to occur (a) in the case of sub-paragraphs (ii) and (iii) above, on the date of the cessation of publication of the Original Reference Rate or the

discontinuation of the Original Reference Rate, as the case may be, (b) in the case of sub-paragraph (iv) above, on the date of the prohibition of use of the Original Reference Rate and (c) in the case of sub-paragraph (v) above, on the date with effect from which the Original Reference Rate will no longer be (or will be deemed by the relevant supervisor to no longer be) representative of its relevant underlying market and which is specified in the relevant public statement and, in each case, not the date of the relevant public statement;

"**Independent Adviser**" means an independent financial institution of international repute or an independent financial adviser with appropriate experience appointed by the relevant Issuer at its own expense under Condition 9(a) (*Independent Adviser*) and notified in writing to the Trustee;

"**Original Reference Rate**" means the originally-specified benchmark or screen rate (or any relevant component part(s) thereof) (as applicable) used to determine the Rate of Interest (or any component part thereof) on the Notes or, if applicable, any other successor or alternative rate (or any component part thereof) determined and applicable to the Notes pursuant to the earlier operation of this Condition 9 (*Benchmark Discontinuation*);

"**Relevant Nominating Body**" means, in respect of a benchmark or screen rate (as applicable):

(i) the central bank for the currency to which the benchmark or screen rate (as applicable) relates, or any central bank or other supervisory authority which is responsible for supervising the administrator of the benchmark or screen rate (as applicable); or

(ii) any working group or committee sponsored by, chaired or co-chaired by or constituted at the request of (aa) the central bank for the currency to which the benchmark or screen rate (as applicable) relates, (bb) any central bank or other supervisory authority which is responsible for supervising the administrator of the benchmark or screen rate (as applicable), (cc) a group of the aforementioned central banks or other supervisory authorities or (dd) the Financial Stability Board or any part thereof; and

"**Successor Rate**" means a successor to or replacement of the Original Reference Rate which is formally recommended by any Relevant Nominating Body.

10 Redemption and Purchase

(a) ***Scheduled redemption***

Unless previously redeemed, or purchased and cancelled or (pursuant to Condition 10(k) (*Pre-condition to Redemption, Purchase, Substitution or Variation of the Tier 2 Capital Notes*), Condition 10(l) (*Pre-condition to Redemption, Purchase, Substitution or Variation of Senior Preferred Notes and Senior Non-Preferred Notes*), Condition 10(n) (*Substitution and Variation of Tier 2 Capital Notes*) or Condition 10(o) (*Substitution and Variation of Senior Preferred Notes and Senior Non-Preferred Notes*)) substituted, the Notes will be redeemed at their Final Redemption Amount, together with accrued and unpaid interest, on the Maturity Date, subject as provided in Conditions 11 (*Payments – Bearer Notes*) and 12 (*Payments – Registered Notes*) (as applicable).

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

Subject to Condition 10(k) (*Pre-condition to Redemption, Purchase, Substitution or Variation of the Tier 2 Capital Note*s) in the case of Tier 2 Capital Notes or Condition 10(l) (*Pre-condition to Redemption, Purchase, Substitution or Variation of Senior Preferred Notes and Senior Non-Preferred Notes*) in the case of Senior Preferred Notes (if applicable) and Senior Non-Preferred Notes, if Call Option is specified in the relevant Final Terms as being applicable, the Notes may be redeemed at the option of the relevant

Issuer in whole or, if so specified in the relevant Final Terms, in part on any Optional Redemption Date (Call) on the relevant Issuer giving not less than 30 nor more than 60 days' notice to the Principal Paying Agent, the Registrar (if applicable), the Trustee and the Noteholders in accordance with Condition 21 (*Notices*), or such other period(s) as may be specified in the relevant Final Terms, (which notice shall be irrevocable and shall oblige the relevant Issuer to redeem the Notes or, as the case may be, the Notes specified in such notice on the relevant Optional Redemption Date (Call) at the Optional Redemption Amount (Call) (together with any accrued but unpaid interest to (but excluding) the relevant Optional Redemption Date (Call)).

(c) ***Redemption for Tax Event***

Subject to Condition 10(k) (*Pre-condition to Redemption, Purchase, Substitution or Variation of the Tier 2 Capital Notes*) in the case of Tier 2 Capital Notes, Condition 10(l) (*Pre-condition to Redemption, Purchase, Substitution or Variation of Senior Preferred Notes and Senior Non-Preferred Notes*) in the case of Senior Preferred Notes (if applicable) and Senior Non-Preferred Notes or Condition 10(m) (*Pre-condition to Redemption of Senior Preferred Notes*) in the case of Senior Preferred Notes (if applicable), if a Tax Event has occurred, the Notes may be redeemed at the option of the relevant Issuer in whole, but not in part, (if the Notes are Floating Rate Notes) on the next Interest Payment Date or (if the Notes are not Floating Rate Notes) at any time at their Early Redemption Amount (Tax), together with any accrued but unpaid interest to (but excluding) the date fixed for redemption, provided that the relevant Issuer provides not less than 30 days' nor more than 60 days' prior notice to the Principal Paying Agent, the Registrar (if applicable), the Trustee and the Noteholders in accordance with Condition 21 (*Notices*) (such notice being irrevocable) specifying the date fixed for such redemption.

Upon the expiry of any such notice as is referred to in this Condition 10(c) (*Redemption for Tax Event*), the relevant Issuer shall be bound to redeem the Notes in accordance with this Condition 10(c) (*Redemption for Tax Event*).

(d) ***Redemption for Capital Disqualification Event***

In the case of any Series of Tier 2 Capital Notes only and subject to Condition 10(k) (*Pre-condition to Redemption, Purchase, Substitution or Variation of the Tier 2 Capital Notes*), if a Capital Disqualification Event has occurred, the relevant Issuer may, at its option, redeem the Tier 2 Capital Notes, in whole but not in part, (if the Notes are Floating Rate Notes) on the next Interest Payment Date or (if the Notes are not Floating Rate Notes) at any time at the relevant Optional Redemption Amount (Capital Disqualification Event), together with any accrued but unpaid interest to (but excluding) the date fixed for redemption, provided that the relevant Issuer provides not less than 30 days' nor more than 60 days' prior notice to the Principal Paying Agent, the Registrar (if applicable), the Trustee and the Holders of the Tier 2 Capital Notes in accordance with Condition 21 (*Notices*) (such notice being irrevocable) specifying the date fixed for such redemption.

Upon the expiry of any such notice as is referred to in this Condition 10(d) (*Redemption for Capital Disqualification Event*), the relevant Issuer shall be bound to redeem the Notes in accordance with this Condition 10(d) (*Redemption for Capital Disqualification Event*).

(e) ***Redemption for Loss Absorption Disqualification Event***

This Condition 10(e) (*Redemption for Loss Absorption Disqualification Event*) applies in respect of all Series of Senior Preferred Notes and Senior Non-Preferred Notes except for any Series where "Senior Preferred Notes and Senior Non-Preferred Notes: Loss Absorption Disqualification Event Redemption" is expressly specified to be "Not Applicable" in the relevant Final Terms.

Subject to Condition 10(l) (*Pre-condition to Redemption, Purchase, Substitution or Variation of Senior Preferred Notes and Senior Non-Preferred Notes*), if Loss Absorption Disqualification Call is specified in the relevant Final Terms as being applicable and a Loss Absorption Disqualification Event has occurred, the relevant Issuer may, at its option, redeem the relevant Series of Notes, in whole but not in part, (if the Notes are Floating Rate Notes) on the next Interest Payment Date or (if the Notes are not Floating Rate Notes) at any time at the relevant Optional Redemption Amount (Loss Absorption Disqualification Event), together with any accrued but unpaid interest to (but excluding) the date fixed for redemption, provided that the relevant Issuer provides not less than 30 days' nor more than 60 days' prior notice to the Principal Paying Agent, the Registrar (if applicable), the Trustee and the Holders of the Notes in accordance with Condition 21 (*Notices*) (such notice being irrevocable) specifying the date fixed for such redemption.

Upon the expiry of any such notice as is referred to in this Condition 10(e) (*Redemption for Loss Absorption Disqualification Event*), the relevant Issuer shall be bound to redeem the Notes in accordance with this Condition 10(e) (*Redemption for Loss Absorption Disqualification Event*).

This Condition 10(e) (*Redemption for Loss Absorption Disqualification Event*) will not apply to the extent such application would cause a Loss Absorption Disqualification Event to occur.

(f) ***Partial redemption***

If the Notes are to be redeemed in part only on any date in accordance with Condition 10(b) (*Redemption at the option of the relevant Issuer*), in the case of Bearer Notes, the Notes to be redeemed shall be selected by the drawing of lots in such place and in such manner as the relevant Issuer considers appropriate, subject to compliance with applicable law and the rules of each competent authority and/or stock exchange by which the Notes have then been admitted to listing and/or trading and the notice to Noteholders referred to in Condition 10(b) (*Redemption at the option of the relevant Issuer*) shall specify the serial numbers of the Notes so to be redeemed, and, in the case of Registered Notes, each Note shall be redeemed in part in the proportion which the aggregate principal amount of the outstanding Notes to be redeemed on the relevant Optional Redemption Date (Call) bears to the aggregate principal amount of outstanding Notes on such date. If any Maximum Redemption Amount or Minimum Redemption Amount is specified in the relevant Final Terms, then the Optional Redemption Amount (Call) shall in no event be greater than the maximum or be less than the minimum so specified.

(g) ***No other redemption***

The relevant Issuer shall not be entitled to redeem the Notes otherwise than as provided in Conditions 10(a) (*Scheduled redemption*) to 10(f) (*Partial redemption*) above.

(h) ***Early redemption of Zero Coupon Notes***

Unless otherwise specified in the relevant Final Terms, the Redemption Amount payable on redemption of a Zero Coupon Note at any time before the Maturity Date shall be an amount equal to the sum of:

(i) the Reference Price; and

(ii) the product of the Accrual Yield (compounded annually) being applied to the Reference Price from (and including) the issue date of the first Tranche of the relevant Series of Notes to (but excluding) the date fixed for redemption or (as the case may be) the date upon which the Note becomes due and payable.

Where such calculation is to be made for a period which is not a whole number of years, the calculation in respect of the period of less than a full year shall be made on the basis of such Day Count Fraction as

may be specified in the relevant Final Terms for the purposes of this Condition 10(h) *(Early redemption of Zero Coupon Notes*) or, if none is so specified, a Day Count Fraction of 30E/360.

(i) ***Purchase***

Subject to Condition 10(k) (*Pre-condition to Redemption, Purchase, Substitution or Variation of the Tier 2 Capital Notes*) in the case of Tier 2 Capital Notes or Condition 10(l) (*Pre-condition to Redemption, Purchase, Substitution or Variation of Senior Preferred Notes and Senior Non-Preferred Notes*) in the case of Senior Preferred Notes (if applicable) and Senior Non-Preferred Notes and notwithstanding Condition 3 (*Status*), the relevant Issuer or any of its subsidiaries may at any time purchase or otherwise acquire any of the outstanding Notes at any price in the open market or otherwise, provided that all unmatured Coupons are purchased therewith.

(j) ***Cancellation***

All Notes which are redeemed pursuant to this Condition 10 (*Redemption and Purchase*) will be cancelled (together, in the case of Bearer Notes, with all unmatured Coupons and Talons attached thereto or surrendered therewith at the time of redemption). All Notes purchased by or on behalf of the relevant Issuer or any of its subsidiaries may, subject to obtaining any Supervisory Permission therefor, be held, reissued, resold or, at the option of the relevant Issuer or any such subsidiary, cancelled.

(k) ***Pre-condition to Redemption, Purchase, Substitution or Variation of the Tier 2 Capital Notes***

This Condition 10(k) (*Pre-condition to Redemption, Purchase, Substitution or Variation of the Tier 2 Capital Notes*) applies to Tier 2 Capital Notes only.

Notwithstanding any other provision in this Condition 10 (*Redemption and Purchase*), any redemption, purchase, substitution or variation of the Tier 2 Capital Notes (and giving of notice thereof to the Holders if required) pursuant to Conditions 10(b) (*Redemption at the option of the relevant Issuer*), 10(c) (*Redemption for Tax Event*), 10(d) (*Redemption for Capital Disqualification Event*), 10(i) (*Purchase*) or 10(n) (*Substitution and Variation of Tier 2 Capital Notes*) shall, if and to the extent then required under prevailing Regulatory Capital Requirements, be subject to:

(i) the relevant Issuer obtaining prior Supervisory Permission therefor;

(ii) in the case of any redemption or purchase prior to the Maturity Date either: (A) the relevant Issuer having replaced the Notes with own funds instruments of equal or higher quality at terms that are sustainable for the income capacity of the relevant Issuer; or (B) the relevant Issuer having demonstrated to the satisfaction of the Competent Authority that the own funds and eligible liabilities of the relevant Issuer would, following such redemption or purchase, exceed its minimum requirements (including any applicable buffer requirements) by a margin that the Competent Authority considers necessary at such time; and

(iii) in the case of any redemption or purchase prior to the fifth anniversary of the issue date of the last Tranche of the relevant Series of Notes, if and to the extent then required under prevailing Regulatory Capital Requirements:

(A) in the case of redemption upon a Tax Event, the relevant Issuer has demonstrated to the satisfaction of the Competent Authority that the applicable change in tax treatment is material and was not reasonably foreseeable as at the issue date of the last Tranche of the relevant Series of Notes; or

(B) in the case of redemption upon the occurrence of a Capital Disqualification Event, the relevant Issuer has demonstrated to the satisfaction of the Competent Authority that the

relevant change (or pending change which the Competent Authority considers to be sufficiently certain) in the regulatory classification of the Notes was not reasonably foreseeable as at the issue date of the last tranche of Notes of the relevant Series; or

(C) in the case of a purchase pursuant to Condition 10(i) (*Purchase*), the relevant Issuer having demonstrated to the satisfaction of the Competent Authority that the relevant Issuer has (or will have), before or at the same time as such purchase, replaced the Notes with own funds instruments of equal or higher quality at terms that are sustainable for the income capacity of the relevant Issuer, and the Competent Authority having permitted such action on the basis of the determination that it would be beneficial from a prudential point of view and justified by exceptional circumstances; or

(D) in the case of a purchase pursuant to Condition 10(i) (*Purchase*), the Notes being purchased for market-making purposes in accordance with the Regulatory Capital Requirements.

Notwithstanding the above conditions, if, at the time of any redemption, purchase, substitution or variation, the prevailing Regulatory Capital Requirements permit the repayment, purchase, substitution or variation only after compliance with one or more alternative or additional pre-conditions to those set out above in this Condition 10(k) (*Pre-condition to Redemption, Purchase, Substitution or Variation of the Tier 2 Capital Notes*), the relevant Issuer shall comply with such other and/or, as appropriate, additional pre-condition(s).

Prior to the publication of any notice of substitution, variation or redemption pursuant to Conditions 10(b) (*Redemption at the option of the relevant Issuer*), 10(c) (*Redemption for Tax Event*), 10(d) (*Redemption for Capital Disqualification Event*) and 10(n) (*Substitution and Variation of Tier 2 Capital Notes*), the relevant Issuer shall deliver to the Trustee (i) a certificate signed by two Authorised Signatories stating that the relevant requirement or circumstance giving rise to the right to redeem, substitute or, as appropriate, vary is satisfied and, in the case of a substitution or variation, that the terms of the relevant Qualifying Tier 2 Securities comply with the definition thereof in Condition 1 (*Interpretation*) and (ii) in the case of a redemption pursuant to Condition 10(c) (*Redemption for Tax Event*) only, an opinion from a nationally recognised law firm or other tax adviser in the United Kingdom and/or the Relevant Jurisdiction (as applicable) experienced in such matters to the effect that the relevant requirement or circumstance referred to in any of paragraphs (i) to (v) (inclusive) of the definition of "Tax Event" applies (but, for the avoidance of doubt, such opinion shall not be required to comment on the ability of the relevant Issuer to avoid such circumstance by taking measures reasonably available to it) and the Trustee may accept (and if so treated and accepted by the Trustee, shall be so treated and accepted by the Holders) such certificate and opinion as sufficient evidence of the satisfaction of the relevant conditions precedent in which event it shall be conclusive and binding on the Trustee and the Holders.

(l) ***Pre-condition to Redemption, Purchase, Substitution or Variation of Senior Preferred Notes and Senior Non-Preferred Notes***

The provisions of this Condition 10(l) (*Pre-condition to Redemption, Purchase, Substitution or Variation of Senior Preferred Notes and Senior Non-Preferred Notes*) shall have effect in relation to (i) any Series of Senior Preferred Notes where the relevant Final Terms specify that Condition 3(d) (*No set-off*) applies and (ii) each Series of Senior Non-Preferred Notes.

The relevant Issuer may only exercise a right to redeem, purchase, substitute or vary any such Notes pursuant to Conditions 10(b) (*Redemption at the option of the relevant Issuer*), 10(c) (*Redemption for Tax Event*), 10(e) (*Redemption for Loss Absorption Disqualification Event*), 10(i) (P*urchase*) and 10(o)

(*Substitution and Variation of Senior Preferred Notes and Senior Non-Preferred Notes*) if the relevant Issuer has obtained prior Supervisory Permission therefor.

Notwithstanding the above conditions, if, at the time of any redemption, purchase, substitution or variation, the prevailing Regulatory Capital Requirements or Loss Absorption Regulations permit the repayment, substitution, variation or purchase only after compliance with one or more alternative or additional pre-conditions to those set out above in this Condition 10(l) (*Pre-condition to Redemption, Purchase, Substitution or Variation of Senior Preferred Notes and Senior Non-Preferred Notes*), the relevant Issuer shall comply with such other and/or, as appropriate, additional pre-condition(s).

Prior to the publication of any notice of substitution, variation or redemption pursuant to Conditions 10(b) (*Redemption at the option of the relevant Issuer*), 10(c) (*Redemption for Tax Event*), 10(*e*) (*Redemption for Loss Absorption Disqualification Event*) and 10(o) (*Substitution and Variation of Senior Preferred Notes and Senior Non-Preferred Notes*), the relevant Issuer shall deliver to the Trustee (i) a certificate signed by two Authorised Signatories stating that the relevant requirement or circumstance giving rise to the right to redeem, substitute or, as appropriate, vary is satisfied and, in the case of a substitution or variation, that the terms of the relevant Loss Absorption Compliant Notes comply with the definition thereof in Condition 1 (*Interpretation*) and (ii) in the case of a redemption pursuant to Condition 10(c) (*Redemption for Tax Event*) only, an opinion from a nationally recognised law firm or other tax adviser in the United Kingdom and/or the Relevant Jurisdiction (as applicable) experienced in such matters to the effect that the relevant requirement or circumstance referred to in any of paragraphs (i) to (v) (inclusive) of the definition of "Tax Event" applies (but, for the avoidance of doubt, such opinion shall not be required to comment on the ability of the relevant Issuer to avoid such circumstance by taking measures reasonably available to it) and the Trustee may accept (and if so treated and accepted by the Trustee, shall be so treated and accepted by the Holders) such certificate and, where applicable, opinion as sufficient evidence of the satisfaction of the relevant conditions precedent in which event it shall be conclusive and binding on the Trustee and the Holders.

(m) ***Pre-condition to Redemption of Senior Preferred Notes***

The provisions of this Condition 10(m) (*Pre-condition to Redemption of Senior Preferred Notes*) shall have effect in relation to any Series of Senior Preferred Notes where the relevant Final Terms specify that Condition 3(d) (*No set-off*) is "Not Applicable".

Prior to the publication of any notice of redemption of Senior Preferred Notes pursuant to Condition 10(c) (*Redemption for Tax Event*), the relevant Issuer shall deliver to the Trustee (i) a certificate signed by two Authorised Signatories stating that the relevant requirement or circumstance giving rise to the right to redeem is satisfied and (ii) an opinion from a nationally recognised law firm or other tax adviser in the United Kingdom and/or the Relevant Jurisdiction (as applicable) experienced in such matters to the effect that the relevant requirement or circumstance referred to in any of paragraphs (i) to (v) (inclusive) of the definition of "Tax Event" applies (but, for the avoidance of doubt, such opinion shall not be required to comment on the ability of the relevant Issuer to avoid such circumstance by taking measures reasonably available to it) and the Trustee may accept (and if so treated and accepted by the Trustee, shall be so treated and accepted by the Holders) such certificate and opinion as sufficient evidence of the satisfaction of the relevant conditions precedent in which event it shall be conclusive and binding on the Trustee and the Holders.

(n) ***Substitution and Variation of Tier 2 Capital Notes***

This Condition 10(n) (*Substitution and Variation of Tier 2 Capital Notes*) applies to each Series of Tier 2 Capital Notes unless "Tier 2 Capital Notes: Substitution and Variation" is expressly specified to be "Not Applicable" in the relevant Final Terms.

If a Tax Event or a Capital Disqualification Event has occurred, then the relevant Issuer may, subject to Condition 10(k) (*Pre-condition to Redemption, Purchase, Substitution or Variation of the Tier 2 Capital Notes*) and having given not less than 30 nor more than 60 days' notice to the Holders in accordance with Condition 21 (*Notices*), the Trustee, the Registrar (if applicable) and the Principal Paying Agent (which notice shall be irrevocable and shall specify the date for substitution or, as the case may be, variation of the Notes) but without any requirement for the consent or approval of the Holders, at any time either substitute all (but not some only) of the Notes for, or vary the terms of the Notes so that they remain or, as appropriate, become, Qualifying Tier 2 Securities, and the Trustee shall (subject to the following provisions of this Condition 10(n) (*Substitution and Variation of Tier 2 Capital Notes*) and subject to the receipt by it of the certificates of the Authorised Signatories referred to in Condition 10(k) (*Pre-condition to Redemption, Purchase, Substitution or Variation of the Tier 2 Capital Notes*) and in the definition of Qualifying Tier 2 Securities) agree to such substitution or variation. Upon the expiry of such notice, the relevant Issuer shall either vary the terms of or substitute the Notes in accordance with this Condition 10(n) (*Substitution and Variation of Tier 2 Capital Notes*), as the case may be. The Trustee shall at the request and expense of the relevant Issuer use its reasonable endeavours to assist the relevant Issuer in the substitution of the Notes for, or the variation of the terms of the Notes so that they remain, or as appropriate, become, Qualifying Tier 2 Securities, provided that the Trustee shall not be obliged to participate in, or assist with, any such substitution or variation if the terms of the proposed alternative Qualifying Tier 2 Securities or the participation in or assistance with such substitution or variation would impose, in the Trustee's opinion, more onerous obligations upon it or reduce its rights or protections.

In connection with any substitution or variation in accordance with this Condition 10(n) (*Substitution and Variation of Tier 2 Capital Notes*), the relevant Issuer shall comply with the rules of any stock exchange on which the Notes are for the time being listed or admitted to trading.

(o) ***Substitution and Variation of Senior Preferred Notes and Senior Non-Preferred Notes***

This Condition 10(o) (*Substitution and Variation of Senior Preferred Notes and Senior Non-Preferred Notes*) applies to each Series of Senior Preferred Notes and Senior Non-Preferred Notes unless "Senior Preferred Notes and Non-Preferred Notes: Substitution and Variation" is expressly specified to be "Not Applicable" in the relevant Final Terms.

If a Loss Absorption Disqualification Event or a Tax Event has occurred, then the relevant Issuer may, subject to Condition 10(l) (*Pre-condition to Redemption, Purchase, Substitution or Variation of the Senior Preferred Notes and Senior Non-Preferred Notes*) and having given not less than 30 nor more than 60 days' notice to the Holders in accordance with Condition 21 (*Notices*), the Trustee, the Registrar (if applicable) and the Principal Paying Agent (which notice shall be irrevocable and shall specify the date for substitution or, as the case may be, variation of the Notes) but without any requirement for the consent or approval of the Holders, at any time either substitute all (but not some only) of the Notes for, or vary the terms of the Notes so that they remain or, as appropriate, become, Loss Absorption Compliant Notes, and the Trustee shall (subject to the following provisions of this Condition 10(o) (*Substitution and Variation of Senior Preferred Notes and Senior Non-Preferred Notes*) and subject to the receipt by it of the certificates of the Authorised Signatories referred to in Condition 10(l) (*Pre-condition to Redemption, Purchase, Substitution or Variation of the Senior Preferred Notes and Senior Non-Preferred Notes*) and in the definition of Loss Absorption Compliant Notes) agree to such substitution or variation. Upon the expiry of such notice, the relevant Issuer shall either vary the terms of or substitute the Notes in accordance with this Condition 10(o) (*Substitution and Variation of Senior Preferred Notes and Senior Non-Preferred Notes*), as the case may be. The Trustee shall at the request and expense of the relevant Issuer use its reasonable endeavours to assist the relevant Issuer in the substitution of the Notes for, or the variation of the terms of the Notes so that they remain, or as appropriate, become, Loss Absorption

Compliant Notes, provided that the Trustee shall not be obliged to participate in, or assist with, any such substitution or variation if the terms of the proposed alternative Loss Absorption Compliant Notes or the participation in or assistance with such substitution or variation would impose, in the Trustee's opinion, more onerous obligations upon it or reduce its rights or protections.

In connection with any substitution or variation in accordance with this Condition 10(o) (*Substitution and Variation of Senior Preferred Notes and Senior Non-Preferred Notes*), the relevant Issuer shall comply with the rules of any stock exchange on which the Notes are for the time being listed or admitted to trading.

11 Payments – Bearer Notes

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

(a) ***Principal***

Payments of principal shall be made only against presentation and (provided that payment is made in full) surrender of Bearer Notes at the Specified Office of any Paying Agent outside the United States by transfer to an account denominated in that currency (or, if that currency is euro, any other account to which euro may be credited or transferred) and maintained by the payee with a bank in the Principal Financial Centre of that currency.

(b) ***Interest***

Payments of interest shall, subject to Condition 11(h) (*Payments other than in respect of matured Coupons*), be made only against presentation and (provided that payment is made in full) surrender of the appropriate Coupons at the Specified Office of any Paying Agent outside the United States in the manner described in Condition 11(a) (*Principal*).

(c) ***Payments in New York City***

Payments of principal or interest may be made at the Specified Office of a Paying Agent in New York City if (i) the relevant Issuer has appointed Paying Agents outside the United States with the reasonable expectation that such Paying Agents will be able to make payment of the full amount of the interest and principal on the Notes in the currency in which the payment is due when due; (ii) payment of the full amount of such interest and/or principal (as the case may be) at the offices of all such Paying Agents is illegal or effectively precluded by exchange controls or other similar restrictions; and (iii) payment is permitted by applicable United States law, without involving, in the opinion of the relevant Issuer, any adverse tax consequence to the relevant Issuer.

(d) ***Payments subject to fiscal laws***

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

(e) ***Deductions for unmatured Coupons***

If the relevant Final Terms specify that the Fixed Rate Note Provisions are applicable and a Bearer Note is presented for payment without all unmatured Coupons relating thereto:

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

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

(1) so many of such missing Coupons shall become void (in inverse order of maturity) as will result in the aggregate amount of the remainder of such missing Coupons (the "**Relevant Coupons**") being equal to the amount of principal due for payment; provided, however, that where this Condition 11(e)(ii)(1) would otherwise require a fraction of a missing Coupon to become void, such missing Coupon shall become void in its entirety; and

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

Each sum of principal so deducted shall be paid in the manner provided in Condition 11(a) (*Principal*) against presentation and (provided that payment is made in full) surrender of the relevant missing Coupons.

(f) ***Unmatured Coupons void***

If the relevant Final Terms specify that the Reset Note Provisions are applicable or that the Floating Rate Note Provisions are applicable, on the due date for redemption of any Note or early redemption in whole of such Note pursuant to Condition 10(b) (*Redemption at the option of the relevant Issuer*), 10(c) (*Redemption for Tax Event*), 10(d) (*Redemption for Capital Disqualification Event*) or 10(e) (*Redemption for Loss Absorption Disqualification Event*) or 14 (*Events of Default*), all unmatured Coupons relating thereto (whether or not still attached) shall become void and no payment will be made in respect thereof.

(g) ***Payments on business days***

If the due date for payment of any amount in respect of any Bearer Note or Coupon is not a Payment Business Day in the place of presentation, the Holder shall not be entitled to payment in such place of the amount due until the next succeeding Payment Business Day in such place and shall not be entitled to any further interest or other payment in respect of any such delay.

(h) ***Payments other than in respect of matured Coupons***

Payments of interest other than in respect of matured Coupons shall be made only against presentation of the relevant Bearer Notes at the Specified Office of any Paying Agent outside the United States (or in New York City if permitted by Condition 11(c) (*Payments in New York City*)).

(i) ***Partial payments***

If a Paying Agent makes a partial payment in respect of any Bearer Note or Coupon presented to it for payment, such Paying Agent will endorse thereon a statement indicating the amount and date of such payment.

(j) ***Exchange of Talons***

On or after the maturity date of the final Coupon which is (or was at the time of issue) part of a Coupon Sheet relating to the Bearer Notes, the Talon forming part of such Coupon Sheet may be exchanged at the Specified Office of the Principal Paying Agent for a further Coupon Sheet (including, if appropriate, a further Talon but excluding any Coupons in respect of which claims have already become void pursuant to Condition 15 (*Prescription*)). Upon the due date for redemption of any Bearer Note, any unexchanged Talon relating to such Note shall become void and no Coupon will be delivered in respect of such Talon.

12 Payments – Registered Notes

This Condition 12 (*Payments – Registered Notes*) is only applicable to Registered Notes.

(a) ***Principal***

Payments of principal shall be made by transfer to an account denominated in that currency (or, if that currency is euro, any other account to which euro may be credited or transferred) and maintained by the payee with, a bank in the Principal Financial Centre of that currency and (in the case of redemption) upon surrender (or, in the case of part payment only, endorsement) of the relevant Certificates at the Specified Office of any Paying Agent.

(b) ***Interest***

Payments of interest shall be made by transfer to an account denominated in that currency (or, if that currency is euro, any other account to which euro may be credited or transferred) and maintained by the payee with, a bank in the Principal Financial Centre of that currency and (in the case of interest payable on redemption) upon surrender (or, in the case of part payment only, endorsement) of the relevant Certificates at the Specified Office of any Paying Agent.

(c) ***Payments subject to fiscal laws***

Save as provided in Condition 13 (*Taxation*), payments in respect of the Registered Notes will be subject in all cases to any applicable fiscal or other laws, regulations and directives in the place of payment or other laws and regulations to which the relevant Issuer or its agents are or agree to be subject and the relevant Issuer or any of its agents will not be liable for any taxes or duties of whatever nature imposed or levied by such laws, regulations, directives or agreements. No commissions or expenses shall be charged to the Noteholders in respect of such payments.

(d) ***Payments on business days***

Where payment is to be made by transfer to an account, payment instructions (for value the due date, or, if the due date is not Payment Business Day, for value the next succeeding Payment Business Day) will be initiated (i) (in the case of payments of principal and interest payable on redemption) on the later of the due date for payment and the day on which the relevant Certificate is surrendered (or, in the case of part payment only, endorsed) at the Specified Office of a Paying Agent; and (ii) (in the case of payments of interest payable other than on redemption) on the due date for payment. A Holder of a Registered Note shall not be entitled to any interest or other payment in respect of any delay in payment resulting from the due date for a payment not being a Payment Business Day or otherwise from any delay in receipt of a payment made in accordance with this Condition 12.

(e) ***Partial payments***

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

(f) ***Record date***:

Each payment in respect of a Registered Note will be made to the person shown as the Holder in the Register at the close of business in the place of the Registrar's Specified Office on the 15th business day before the due date for such payment (the "**Record Date**").

13 Taxation

(a) ***Gross up***

All payments of principal and interest in respect of the Notes and the Coupons by or on behalf of the relevant Issuer shall be made free and clear of, and without withholding or deduction for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or on behalf of the Relevant Jurisdiction, unless the withholding or deduction of such taxes, duties, assessments, or governmental charges is required by law. In that event, the relevant Issuer shall (a) in the case of each Series of Senior Preferred Notes and Senior Non-Preferred Notes, in each case unless the relevant Final Terms expressly specifies "Senior Preferred Notes and Senior Non-Preferred Notes: Gross-up of principal" as "Not Applicable", in respect of payments of interest (if any) or principal, or (b) in the case of (x) all Tier 2 Capital Notes and (y) each Series of Senior Preferred Notes and Senior Non-Preferred Notes for which the relevant Final Terms expressly specifies "Senior Preferred Notes and Senior Non-Preferred Notes: Gross-up of principal" as "Not Applicable", in respect of payments of interest (if any) only and not principal, pay such additional amounts ("**Additional Amounts**") as will result in receipt by the Noteholders and the Couponholders of such amounts as would have been received by them had no such withholding or deduction been required, except that no such Additional Amounts shall be payable with respect to any Note or Coupon:

(i) held by or on behalf of a Holder who is liable to such taxes, duties, assessments or governmental charges in respect of such Note or Coupon by reason of his having some connection with the Relevant Jurisdiction other than a mere holding of such Note or Coupon;

(ii) to, or to a third party on behalf of, a Holder who could lawfully avoid (but has not so avoided) such deduction or withholding by making or procuring that any third party makes a declaration of non-residence or other similar claim for exemption to any tax authority in the place where the Certificate representing the Note or Coupon is presented for payment; or

(iii) in respect of which the Note or Certificate is presented for payment more than 30 days after the Relevant Date except to the extent that the Holder thereof would have been entitled to such Additional Amounts on presenting the same for payment on the last day of such period of 30 days.

References in these Conditions to interest shall be deemed to include any Additional Amounts which may become payable pursuant to the foregoing provisions or any undertakings given in addition thereto or in substitution therefor pursuant to the Trust Deed.

(b) ***FATCA***

Notwithstanding any other provisions of the Trust Deed, any amounts to be paid on the Notes by or on behalf of the relevant Issuer will be paid net of any deduction or withholding imposed or required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986, as amended (the "**Code**"), or otherwise imposed pursuant to Sections 1471 through 1474 of the Code (or any regulations thereunder or official interpretations thereof) or an intergovernmental agreement between the United States and another jurisdiction facilitating the implementation thereof (or any fiscal or regulatory legislation, rules or practices implementing such an intergovernmental agreement) (any such withholding or deduction, a "**FATCA Withholding**"). Neither the relevant Issuer nor any other person will be required to pay any Additional Amounts in respect of FATCA Withholding.

14 Events of Default

(a) Senior Preferred Notes and Senior Non-Preferred Notes (Unrestricted Default)

The provisions of this Condition 14(a) (*Senior Preferred Notes and Senior Non-Preferred Notes (Unrestricted Default))* shall have effect in relation to any Series of Senior Preferred Notes and in relation to any Series of Senior Non-Preferred Notes, in each case where the relevant Final Terms expressly specify that Condition 14(b) (*Tier 2 Capital Notes, Senior Preferred Notes and Senior Non-Preferred Notes (Restricted Default)*) is "Not Applicable".

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 Notes then outstanding or if so directed by an Extraordinary Resolution, shall (subject, in all cases, to the Trustee having been indemnified and/or secured and/or pre-funded to its satisfaction) give written notice to the relevant Issuer declaring the Notes to be immediately due and payable, whereupon they shall become immediately due and payable at their principal amount together with any accrued but unpaid interest without further action or formality:

(i) *Non-payment*: any principal or interest on the Notes has not been paid within seven days (in the case of principal) and within 14 days (in the case of interest) from the due date for payment; or

(ii) *Breach of other obligations*: the relevant Issuer defaults in the performance or observance of any of its other obligations under or in respect of the Notes or the Trust Deed and that breach has not (in the opinion of the Trustee) been remedied within 30 days of receipt of a written notice from the Trustee requiring the same to be remedied and the Trustee has certified that in its opinion the breach is materially prejudicial to the interests of the Holders; or

(iii) *Winding-up*: a Winding-Up of the relevant Issuer.

The Trustee may, at any time at its discretion and without notice (subject to the Trustee having been indemnified and/or secured and/or pre-funded to its satisfaction), institute such proceedings or take such steps or actions as it may think fit against the relevant Issuer to enforce the terms of these Conditions, the Trust Deed or the Agency Agreement.

(b) Tier 2 Capital Notes, Senior Preferred Notes and Senior Non-Preferred Notes (Restricted Default)

The provisions of this Condition 14(b) (*Tier 2 Capital Notes, Senior Preferred Notes and Senior Non-Preferred Notes (Restricted Default)*) shall have effect in relation to (i) any Series of Senior Preferred Notes and any Series of Senior Non-Preferred Notes, in each case where the relevant Final Terms expressly specify that Condition 14(b) (*Tier 2 Capital Notes, Senior Preferred Notes and Senior Non-Preferred Notes (Restricted Default)*) is "Applicable" and (ii) each Series of Tier 2 Capital Notes.

(i) If the relevant Issuer does not make payment in respect of the Notes (in the case of payment of principal) for a period of seven days or more or (in the case of any interest payment) for a period of 14 days or more, in each case after the date on which such payment is due, the relevant Issuer shall be deemed to be in default under the Trust Deed and the Notes and the Trustee, in its discretion, may, or if so requested by an Extraordinary Resolution of the Holders or in writing by the Holders of at least one-quarter in principal amount of the Notes then outstanding shall, subject in each case to being indemnified and/or secured and/or prefunded to its satisfaction, institute proceedings for the winding-up of the relevant Issuer.

In the event of a Winding-Up of the relevant Issuer (whether or not instituted by the Trustee pursuant to the foregoing), the Trustee in its discretion may, or if so requested by an Extraordinary Resolution of the Holders or in writing by the Holders of at least one-quarter in principal amount of the Notes then outstanding shall, subject in each case to being indemnified and/or secured and/or pre-funded to its satisfaction, prove and/or claim in such Winding-Up of the relevant Issuer, such claim being as contemplated in Condition 3 (*Status*).

(ii) Without prejudice to Condition 14(b)(i) but subject to the Trustee being indemnified and/or secured and/or pre-funded to its satisfaction, the Trustee may at its discretion and without notice institute such steps, actions or proceedings against the relevant Issuer as it may think fit to enforce any term or condition binding on the relevant Issuer under the Trust Deed or the Notes (other than any payment obligation of the relevant Issuer under or arising from the Notes or the Trust Deed, including, without limitation, payment of any principal or interest in respect of the Notes and any damages awarded for breach of any obligations) and in no event shall the relevant Issuer, by virtue of the institution of any such steps, actions or proceedings, be obliged to pay any sum or sums, in cash or otherwise, sooner than the same would otherwise have been payable by it pursuant to these Conditions and the Trust Deed. Nothing in this Condition 14(b)(ii) shall, however, prevent the Trustee instituting proceedings for the winding-up of the relevant Issuer and/or proving and/or claiming in any Winding-Up of the relevant Issuer in respect of any payment obligations of the relevant Issuer arising from the Notes or the Trust Deed (including any damages awarded for breach of any obligations) in the circumstances provided in Conditions 3 (*Status*) and 14(b)(i).

(c) **Senior Preferred Notes, Senior Non-Preferred Notes and Tier 2 Capital Notes**

The provisions of this Condition 14(c) (*Senior Preferred Notes, Senior Non-Preferred Notes and Tier 2 Capital Notes*) shall have effect in relation to each Series of Senior Preferred Notes, Senior Non-Preferred Notes and Tier 2 Capital Notes.

(i) The Trustee shall not be bound to take any of the actions referred to in Condition 14(a) (*Senior Preferred Notes and Senior Non-Preferred Notes (Unrestricted Default)*) or 14(b) (*Tier 2 Capital Notes and Senior Non-Preferred Notes (Restricted Default)*) or any other action under or pursuant to the Trust Deed unless (i) it shall have been so requested by an Extraordinary Resolution (as defined in the Trust Deed) of the Holders or in writing by the holders of at least one-quarter in principal amount of the Notes then outstanding and (ii) it shall have been indemnified and/or secured and/or pre-funded to its satisfaction.

(ii) No Holder shall be entitled to proceed directly against the relevant Issuer or to institute proceedings for the winding-up of the relevant Issuer or prove or claim in any Winding-Up of the relevant Issuer unless the Trustee, having become so bound to proceed or being able to prove or claim in such Winding-Up, fails or is unable to do so within 60 days and such failure or inability shall be continuing, in which case the Holder shall, with respect to the Notes held by it, have only

such rights against the relevant Issuer as those which the Trustee is entitled to exercise in respect of such Notes as set out in this Condition 14 (*Events of Default*).

(iii) No remedy against the relevant Issuer, other than as referred to in this Condition 14 (*Events of Default*), shall be available to the Trustee or the Holders, 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 relevant Issuer of any of its other obligations under or in respect of the Notes or under the Trust Deed.

15 Prescription

Claims for principal in respect of Bearer Notes shall become void unless the relevant Bearer Notes are presented for payment within 10 years of the appropriate Relevant Date. Claims for interest in respect of Bearer Notes shall become void unless the relevant Coupons are presented for payment within five years of the appropriate Relevant Date. Claims for principal and interest in respect of Registered Notes shall become void unless made or (where surrender of Certificates is required) the relevant Certificates are surrendered for payment within 10 years of the appropriate Relevant Date.

16 Replacement of Notes and Coupons

If any Note, Certificate, Coupon or Talon is lost, stolen, mutilated, defaced or destroyed, it may be replaced at the Specified Office of the Principal Paying Agent, in the case of Bearer Notes or Coupons, or the Registrar, in the case of Registered Notes (and if the Notes are admitted to listing and/or trading by any competent authority and/or stock exchange which requires the appointment of a Paying Agent or Transfer Agent in any particular place, the Paying Agent or Transfer Agent having its Specified Office in the place required by the competent authority and/or stock exchange), subject to all applicable laws and competent authority and/or stock exchange requirements, upon payment by the claimant of the expenses incurred in connection with such replacement and on such terms as to evidence, security, indemnity and otherwise as the relevant Issuer may reasonably require. Mutilated or defaced Notes, Certificates or Coupons or Talons must be surrendered before replacements will be issued.

17 Agents

The initial Principal Paying Agent, the Registrar, the Calculation Agent and the Transfer Agents and their initial Specified Offices are listed below. They act solely as agents of the relevant Issuer or the Trustee (as applicable) and do not assume any obligation or relationship of agency or trust for or with any Noteholder or Couponholder. The relevant Issuer reserves the right, subject to the approval of the Trustee, at any time to vary or terminate the appointment of the Principal Paying Agent, the Registrar, the Calculation Agent and the Transfer Agents and to appoint replacement agents or other Transfer Agents, provided that it will:

(a) at all times maintain a Principal Paying Agent, a Registrar and a Transfer Agent;

(b) if a Calculation Agent is specified in the relevant Final Terms, the relevant Issuer shall at all times maintain a Calculation Agent; and

(c) if and for so long as the Notes are admitted to listing and/or trading by any competent authority and/or stock exchange which requires the appointment of a Paying Agent and/or Transfer Agent in any particular place, the relevant Issuer shall maintain a Paying Agent and/or a Transfer Agent having its Specified Office in the place required by such competent authority and/or stock exchange.

Notice of any such termination or appointment and of any change in the Specified Offices of the Principal Paying Agent, the Registrar, the Calculation Agent and the Transfer Agents will be given to the Holders in accordance with Condition 21 (*Notices*). If any of the Calculation Agent, the Registrar or the Principal Paying

Agent is unable or unwilling to act as such or if it fails to make a determination or calculation or otherwise fails to perform its duties under these Conditions or the Agency Agreement (as the case may be), the relevant Issuer shall appoint, on terms acceptable to the Trustee, an independent financial institution acceptable to the Trustee to act as such in its place. All calculations and determinations made by the Calculation Agent, the Registrar or the Principal Paying Agent in relation to the Notes and the Coupons shall (save in the case of manifest error) be final and binding on the relevant Issuer, the Trustee, the Calculation Agent, the Registrar, the Principal Paying Agent and the Holders. All calculations and determinations made by the Calculation Agent pursuant to these Conditions will be made in consultation with the relevant Issuer.

18 Meetings of Noteholders; Modification and Waiver; Substitution

(a) ***Meetings of Noteholders***

The Trust Deed contains provisions for convening meetings of Holders (including by way of conference call or other virtual means) to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution of a modification of any of these Conditions or any provisions of the Trust Deed, subject, in the case of Tier 2 Capital Notes, Senior Preferred Notes (if applicable) and Senior Non-Preferred Notes, to Condition 18(e) (*Supervisory Permission*). Such a meeting may be convened by the relevant Issuer, by the Trustee at its own discretion or by the Trustee at the direction of Holders holding not less than 10 per cent. in principal amount of the Notes for the time being outstanding.

The quorum at any such meeting for passing an Extraordinary Resolution will be one or more persons holding or representing a clear majority in principal amount of the Notes for the time being outstanding, or at any adjourned meeting one or more persons being or representing Holders whatever the principal amount of the Notes so held or represented, except that at any meeting the business of which includes the modification of certain of these Conditions (including, *inter alia*, the provisions regarding status and subordination referred to in Condition 3 (*Status*), the terms concerning currency and due dates for payment of principal or interest payments in respect of the Notes and reducing or cancelling the principal amount of, or interest on, any Notes or varying the method of calculating the Rate of Interest) and certain other provisions of the Trust Deed the quorum will be one or more persons holding or representing not less than two-thirds, or at any adjourned such meeting not less than one-third, in principal amount of the Notes for the time being outstanding. The agreement or approval of the Holders or Couponholders shall not be required in the case of (i) the implementation of any Benchmark Amendments described in Condition 9(d) (*Benchmark Amendments*) and (ii) any variation of these Conditions and/or the Trust Deed required to be made in the circumstances described in Conditions 10(o) (*Substitution and Variation of Senior Preferred Notes and Senior Non-Preferred Notes*) and 10(n) (*Substitution and Variation of Tier 2 Capital Notes*) in connection with the variation of the terms of the Notes so that they remain or become Qualifying Tier 2 Securities or Loss Absorption Compliant Notes, as the case may be, and to which the Trustee has agreed pursuant to the relevant provisions of Conditions 10(o) (*Substitution and Variation of Senior Non-Preferred Notes*) or 10(n) (*Substitution and Variation of Tier 2 Capital Notes*), as the case may be.

An Extraordinary Resolution passed at any meeting of Holders will be binding on all Noteholders and Couponholders, whether or not they are present at the meeting.

The Trust Deed provides that (i) a resolution passed, at a meeting duly convened and held, by a majority of at least 75 per cent. of the votes cast, (ii) a resolution in writing signed by or on behalf of the holders of not less than 75 per cent. in principal amount of the Notes for the time being outstanding or (iii) if applicable, consent given by way of electronic consents through the relevant clearing system(s) (in a form satisfactory to the Trustee) by or on behalf of the holder(s) of not less than 75 per cent. in principal amount of the Notes for the time being outstanding, shall, in each case be effective as an Extraordinary

Resolution of the Holders. Any 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 Holders.

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

(b) ***Modification and waiver***

The Trustee may agree, without the consent of the Holders, to (i) any modification of these Conditions or of any other provisions of the Trust Deed or the Agency Agreement which in its opinion is of a formal, minor or technical nature or is made to correct a manifest error, and (ii) any other modification to (except as mentioned in the Trust Deed), and any waiver or authorisation of any breach or proposed breach of, any of these Conditions or of the provisions of the Trust Deed or the Agency Agreement which is, in the opinion of the Trustee, not materially prejudicial to the interests of the Holders. The Trustee may, without the consent of the Holders of any Series, determine that any Event of Default or Potential Event of Default (each as defined in the Trust Deed) should not be treated as such, provided that, in the opinion of the Trustee, the interests of Holders are not materially prejudiced thereby.

In addition, the Trustee shall be obliged to concur with the relevant Issuer and use its reasonable endeavours to effect any Benchmark Amendments in the circumstances and as otherwise set out in Condition 9 (*Benchmark Discontinuation*) without the consent of the Holders or Couponholders.

Any such modification, authorisation, waiver or determination shall be binding on the Holders and Couponholders and, if the Trustee so requires, such modification shall be notified to the Holders as soon as practicable.

(c) ***Substitution***

(i) The Trust Deed contains provisions permitting the Trustee to agree, subject to the Trustee being satisfied that the interests of the Holders will not be materially prejudiced by the substitution but without the consent of the Holders, to the substitution on a status equivalent to that referred to in Condition 3 (*Status*) and the relevant Final Terms of certain other entities (any such entity, a "**Substitute Obligor**") in place of the relevant Issuer (or any previous Substitute Obligor under this Condition) as a new principal debtor under the Trust Deed and the Notes.

(ii) In the case of any substitution pursuant to this Condition 18(c) (*Substitution*) the Trustee may agree, without the consent of the Holders, to a change of the law governing the subordination and waiver of set-off provisions set out in these Conditions and the Trust Deed, provided that such change would not in the opinion of the Trustee be materially prejudicial to the interests of the Holders. In connection with any substitution of the relevant Issuer pursuant to this Condition 18(c) (*Substitution*) or any substitution of the Notes pursuant to Condition 10(o) (*Substitution and Variation of Senior Preferred Notes and Senior Non-Preferred Notes*) or 10(n) (*Substitution and Variation of Tier 2 Capital Notes*), none of the relevant Issuer, any Substitute Obligor and/or the Trustee need have any regard to the consequences of any such substitution for individual Noteholders or Couponholders and no Holder shall be entitled to claim from the relevant Issuer, any Substitute Obligor or the Trustee any indemnification or other payment in respect of any tax or other consequences arising as a result of or from such substitution.

(d) ***Entitlement of the Trustee***

In connection with the exercise of its functions (including but not limited to those referred to in this Condition) the Trustee shall have regard to the interests of Holders of the relevant Series of Notes as a class and shall not have regard to the consequences of such exercise for individual Noteholders or

Couponholders and the Trustee shall not be entitled to require, nor shall any Noteholder or Couponholder be entitled to claim, from the relevant Issuer any indemnification or payment in respect of any tax consequence of any such exercise upon individual Noteholders or Couponholders.

(e) ***Supervisory Permission***

In the case of any Series of Tier 2 Capital Notes, Senior Non-Preferred Notes or (where the relevant Final Terms specify that Condition 3(d) (*No set-off*) applies) Senior Preferred Notes, no modification to these Conditions or any other provisions of the Trust Deed and no substitution of the relevant Issuer pursuant to this Condition 18 (*Meeting of Noteholders; Modification and Waiver; Substitution*) shall become effective unless (if and to the extent required at the relevant time by the Competent Authority) the relevant Issuer shall have given at least 30 days' prior written notice thereof to, and received Supervisory Permission therefor from, the Competent Authority (or such other period of notice as the Competent Authority may from time to time require or accept and, in any event, provided that there is a requirement to give such notice and obtain such Supervisory Permission).

(f) ***Notices***

Any such modification, waiver, authorisation or substitution shall be binding on all Holders and, unless the Trustee agrees otherwise shall be notified to the Holders in accordance with Condition 21 (*Notices*) as soon as practicable thereafter.

19 Further Issues

The relevant Issuer may from time to time without the consent of the Noteholders or Couponholders, but subject to any Supervisory Permission required, create and issue further securities either having the same terms and conditions as the Notes in all respects (or in all respects except for the first payment of interest on them) and so that such further issue shall be consolidated and form a single Series with the outstanding securities of any Series (including the Notes) or upon such terms as the relevant Issuer may determine at the time of their issue. References in these Conditions to the Notes include (unless the context requires otherwise) any other securities issued pursuant to this Condition and forming a single Series with the Notes. Any further securities forming a single Series with the outstanding securities of any series (including the Notes) constituted by the Trust Deed or any deed supplemental to it shall, and any other securities may (with the consent of the Trustee), be constituted by a deed supplemental to the Trust Deed.

20 Rights of the Trustee

The Trust Deed contains provisions for the indemnification of, and/or the provision of security for and/or prefunding, the Trustee and for its relief from responsibility.

The Trustee is entitled to enter into business transactions with the relevant Issuer and any entity related to the relevant Issuer without accounting for any profit.

The Trustee may rely without liability to Holders on a report, confirmation or certificate or any advice of any accountants, financial advisers, financial institution 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.

Condition 3 (*Status*) applies only to amounts payable in respect of the Notes and nothing in Condition 3 (*Status*) or 14 (*Events of Default*) 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.

21 Notices

(a) ***Bearer Notes***:

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

(b) ***Registered Notes***

Notices to the Holders of Registered Notes shall be mailed to them at their respective addresses in the Register and deemed to have been given on the first weekday (being a day other than a Saturday or Sunday) after the date of mailing.

(c) ***Notices given by Holders***

Notices to be given by any Holder shall be in writing and given by lodging the same, together (in the case of any Note in definitive form) with the relative Note or Notes, with the Principal Paying Agent (in the case of Bearer Notes) or the Registrar (in the case of Registered Notes).

(d) ***All Notices***

The relevant Issuer shall also ensure that all notices are duly published (if such publication is required) in a manner which complies with the rules and regulations of any stock exchange or other relevant authority on which the Notes are for the time being listed and/or admitted to trading.

22 Rounding

For the purposes of any calculations referred to in these Conditions (unless otherwise specified in these Conditions), (A) all percentages resulting from such calculations will be rounded, if necessary, to the nearest one thousandth of a percentage point (with 0.0005 per cent. being rounded up to 0.001 per cent.), (b) all United States dollar amounts used in or resulting from such calculations will be rounded to the nearest cent (with one half cent being rounded up), (c) all Japanese Yen amounts used in or resulting from such calculations will be rounded downwards to the next lower whole Japanese Yen amount, and (d) all amounts denominated in any other currency used in or resulting from such calculations will be rounded to the nearest two decimal places in such currency, with 0.005 being rounded upwards.

23 Contracts (Rights of Third Parties) Act 1999

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

24 Governing Law and Jurisdiction etc.

(a) ***Governing law***

The Notes, the Coupons and the Trust Deed, and all non-contractual obligations arising out of or in connection with the Notes, the Coupons and the Trust Deed, are governed by, and shall be construed in accordance with, English law except that Condition 3 (*Status*) (in respect of Notes issued by the Bank) are governed by, and shall be construed in accordance with, Scots law.

(b) ***Jurisdiction***

The courts of England are to have jurisdiction to settle any disputes that may arise out of or in connection with the Trust Deed, the Notes or the Coupons and accordingly any legal action or proceedings arising out of or in connection with the Trust Deed, any Notes or any Coupons (including any legal action or proceedings relating to non-contractual obligations arising out of or in connection with them) ("**Proceedings**") may be brought in such courts. Each of the Issuers and the Trustee has in the Trust Deed irrevocably submitted to the jurisdiction of the courts of England in respect of any such Proceedings and waived any objections to Proceedings in such courts on the ground of venue or on the ground that the Proceedings have been brought in an inconvenient forum. Service of process in any Proceedings in England may be effected on the Bank, without prejudice to the right to serve process in any other manner permitted by law, by delivery to the Bank's place of business in England at TSB Treasury, 1st Floor, Barnwood 2, Barnett Way, Gloucester GL4 3DU, United Kingdom or such other address as may be notified to the Trustee and the Noteholders.

(c) ***Recognition of UK Bail-in Power***

Notwithstanding, and to the exclusion of, any other term of any Series of Notes or any other agreements, arrangements or understandings between the relevant Issuer and any Noteholder (or the Trustee on behalf of such Noteholders), by its acquisition of the Notes, each Noteholder acknowledges and accepts that the Amounts Due arising under the Notes may be subject to the exercise of the UK Bail-in Power by the Resolution Authority, and acknowledges, accepts, consents, and agrees to be bound by:

(i) the effect of the exercise of the UK Bail-in Power by the Resolution Authority, that may include and result in any of the following, or some combination thereof:

(A) the reduction of all, or a portion, of the Amounts Due;

(B) the conversion of all, or a portion, of the Amounts Due on the Notes into shares, other securities or other obligations of the relevant Issuer or another person (and the issue to or conferral on the Noteholder of such shares, securities or obligations), including by means of an amendment, modification or variation of the terms of the Notes;

(C) the cancellation of the Notes;

(D) the amendment or alteration of the maturity of the Notes or amendment of the amount of interest payable on the Notes, or the date on which the interest becomes payable, including by suspending payment for a temporary period;

(ii) the variation of the terms of the Notes, if necessary, to give effect to the exercise of the UK Bail-in Power by the Resolution Authority.

No repayment or payment of Amounts Due on the Notes, Talons or Coupons will become due and payable or be paid after the exercise of any UK Bail-in Power by the Resolution Authority if and to the extent such amounts have been reduced, converted, cancelled, suspended (for so long as such suspension or moratorium is outstanding), amended or altered as a result of such exercise.

Neither a reduction or cancellation, in part or in full, of the Amounts Due, the conversion thereof into another security or obligation of the relevant Issuer or another person, as a result of the exercise of the UK Bail-in Power by the Resolution Authority with respect to the relevant Issuer, nor the exercise of the UK Bail-in Power by the Resolution Authority with respect to the Notes will be a default or an event of default for any purpose.

Upon the exercise of the UK Bail-in Power by the Resolution Authority with respect to any Notes, the relevant Issuer shall promptly give notice to the Noteholders and the Couponholders, the Trustee and the Paying Agents, in accordance with Condition 21 (*Notices*). Any delay or failure by the relevant Issuer in

delivering any notice referred to in this Condition shall not affect the validity and enforceability of the UK Bail-in Power.

For the purposes of this Condition 24(*c*) (*Recognition of UK Bail-in Power*),

"**Amounts Due**" means the principal amount of, and any accrued but unpaid interest on, the Notes. References to such amounts will include amounts that have become due and payable, but which have not been paid, prior to the exercise of the UK Bail-in Power by the Resolution Authority.

"**Resolution Authority**" means the Bank of England or any successor or replacement thereto and/or such other authority in the United Kingdom with the ability to exercise the UK Bail-in Power.

"**UK Bail-in Power**" means any write-down, conversion, transfer, modification, moratorium and/or suspension power existing from time to time under any laws, regulations, rules or requirements relating to the resolution of financial holding companies, mixed financial holding companies, banks, banking group companies, credit institutions and/or investment firms incorporated in the United Kingdom in effect and applicable in the United Kingdom to the relevant Issuer or other members of the Group, including but not limited to any such laws, regulations, rules or requirements that are implemented, adopted or enacted within the context of a resolution regime in the United Kingdom under the Banking Act 2009 and/or the Loss Absorption Regulations, as the same has been or may be amended from time to time.

FORM OF FINAL TERMS

The Final Terms in respect of each Tranche of Notes will be in the following form, duly supplemented (if necessary), amended (if necessary) and completed to reflect the particular terms of the relevant Notes and their issue. Text in this section appearing in italics does not form part of the form of the Final Terms but denotes directions for completing the Final Terms.

[PROHIBITION OF SALES TO EEA RETAIL INVESTORS – The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area ("**EEA**"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, "**MiFID II**"); or (ii) a customer within the meaning of Directive (EU) 2016/97, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II. Consequently no key information document required by Regulation (EU) No 1286/2014 (as amended, the "**EU PRIIPs Regulation**") for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the EU PRIIPs Regulation.]

[**PROHIBITION OF SALES TO UK RETAIL INVESTORS** – The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the United Kingdom ("**UK**"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 ("**EUWA**"); (ii) a customer within the meaning of the provisions of the Financial Services and Markets Act 2000 (as amended, the "**FSMA**") and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA ("**UK MiFIR**"). Consequently no key information document required Regulation (EU) No 1286/2014 as it forms part of domestic law by virtue of the EUWA (the "**UK PRIIPs Regulation**") for offering or selling the Notes or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.]

[MiFID II PRODUCT GOVERNANCE/PROFESSIONAL INVESTORS AND ECPs ONLY TARGET MARKET – Solely for the purposes of [the/each] manufacturer['s/s'] product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is eligible counterparties and professional clients only, each as defined in [Directive 2014/65/EU (as amended "**MiFID II**")/MiFID II]; and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Notes (a "**distributor**") should take into consideration the manufacturer['s/s'] target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturer['s/s'] target market assessment) and determining appropriate distribution channels.][1]

[**UK MiFIR PRODUCT GOVERNANCE/PROFESSIONAL INVESTORS AND ECPs ONLY TARGET MARKET** – Solely for the purposes of [the/each] manufacturer's product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is only eligible counterparties, as defined in the FCA Handbook Conduct of Business Sourcebook, and professional clients, as defined in [Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA/UK

[1] To be inserted if a relevant Dealer on a particular issuance of Notes is a MiFID II manufacturer.

MiFIR]; and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Notes (a "**distributor**") should take into consideration the manufacturer['s/s'] target market assessment; however, a distributor subject to the FCA Handbook Product Intervention and Product Governance Sourcebook is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturer['s/s'] target market assessment) and determining appropriate distribution channels.][2]

[Singapore Securities and Futures Act Product Classification: In connection with Section 309B of the Securities and Futures Act (Chapter 289) of Singapore (the "**SFA**") and the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore (the "**CMP Regulations 2018**"), the Issuer has determined, and hereby notifies all relevant persons (as defined in Section 309A(1) of the SFA), that the Notes are capital markets products other than prescribed capital markets products (as defined in the CMP Regulations 2018) and are Specified Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendation on Investment Products.][3]

Final Terms dated [•]

[TSB BANKING GROUP PLC / TSB BANK PLC]

Legal Entity Identifier (LEI): [213800KWCGLFG9WZDX35 / 549300XP222MV7P3CC54]

Issue of [Currency][Aggregate Principal Amount of Tranche] [Title of Notes]

under the £2,000,000,000 Euro Medium Term Note Programme of TSB Banking Group plc and the £2,000,000,000 Euro Medium Term Note Programme of TSB Bank plc

PART A – CONTRACTUAL TERMS

[Terms used herein shall be deemed to be defined as such for the purposes of the Terms and Conditions of the Notes (the "**Conditions**") set forth in the base prospectus dated 18 March 2021 [and the supplemental base prospectus dated [•]] which [together] constitute[s] a base prospectus (the "**Base Prospectus**") for the purposes of Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (the "**EUWA**") (the "**UK Prospectus Regulation**"). This document constitutes the Final Terms of the Notes described herein for the purposes of the UK Prospectus Regulation and must be read in conjunction with the Base Prospectus [as so supplemented].

Full information on the Issuer and the offer of the Notes described herein is only available on the basis of the combination of these Final Terms and the Base Prospectus. [The Base Prospectus and these Final Terms have been published on the website of the Regulatory News Service operated by the London Stock Exchange at [http://www.londonstockexchange.com/exchange/news/market-news/market-news- home.html].]

[Terms used herein shall be deemed to be defined as such for the purposes of the Terms and Conditions of the Notes (the "**Conditions**") set forth in the base prospectus dated 15 April 2020, which are incorporated by reference in the base prospectus dated 18 March 2021. These Final Terms contain the final terms of the Notes and must be read in conjunction with the base prospectus dated 18 March 2021 [and the supplemental base prospectus dated [•]] which [together] constitute[s] a base prospectus (the "**Base Prospectus**") for the purposes

[2] To be inserted if a relevant Dealer on a particular issuance of Notes is a UK MiFIR manufacturer.

[3] Relevant Dealer(s) to consider whether it/they have received the necessary product classification from the Issuer prior to the launch of the offers, pursuant to s.309B of the SFA.

of Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (the "**EUWA**") (the "**UK Prospectus Regulation**"), including the Conditions which are incorporated by reference in the Base Prospectus [as so supplemented]. This document constitutes the Final Terms of the Notes described herein for the purposes of the UK Prospectus Regulation and must be read in conjunction with the Base Prospectus [as so supplemented].

Full information on the Issuer and the offer of the Notes described herein is only available on the basis of the combination of these Final Terms and the Base Prospectus. [The Base Prospectus, the base prospectus dated 15 April 2020, including the Conditions, and these Final Terms have been published on the website of the Regulatory News Service operated by the London Stock Exchange at [http://www.londonstockexchange.com/exchange/news/market-news/market-news- home.html].]

1.	Issuer:	[TSB Banking Group plc] / [TSB Bank plc]
DESCRIPTION OF THE NOTES		
2.	(i) Series Number:	[●]
	(ii) Tranche Number:	[●]
	[(iii) [Date on which the Notes become fungible:	[Not Applicable]/[The Notes shall be consolidated, form a single series and be interchangeable for trading purposes with the [●] on [●]/[the Issue Date]/[exchange of the Temporary Global Note for interests in the Permanent Global Note, as referred to in paragraph [24] below [which is expected to occur on or about [●]].]
3.	Specified Currency or Currencies:	[●]
4.	Aggregate Principal Amount:	[●]
	[(i)] [Series]:	[●]
	[(ii) Tranche:	[●]]
5.	Issue Price:	[●] per cent. of the Aggregate Principal Amount [plus accrued interest from [●]]
6.	(i) Specified Denominations:	[●] [and integral multiples of [●] in excess thereof up to (and including) [●]. [No Notes in definitive form will be issued with a denomination above [●]].]
	(ii) Calculation Amount:	[●]
7.	(i) Issue Date:	[●]
	(ii) Interest Commencement Date:	[●]/[Issue Date]/[Not Applicable]
8.	Maturity Date:	[●]
9.	Interest Basis:	[[●] per cent. Fixed Rate] [Reset Notes] [Floating Rate [●] Month [SONIA]/[EURIBOR] +/– [●] per cent.]

		[Zero Coupon] (see paragraph [14]/[15]/[16]/[17] below)
10.	Redemption/Payment Basis:	Subject to any purchase and cancellation or early redemption, the Notes will be redeemed on the Maturity Date at [[•]/[100]] per cent. of their principal amount.
11.	Change of Interest or Redemption/Payment Basis:	[•]/[Not Applicable]
12.	Call Options:	[Issuer Call (see paragraph [18] below)] [Not Applicable]
13.	[(i)] Status of the Notes:	[Senior Preferred Notes][4]/[Senior Non-Preferred Notes]/[Tier 2 Capital Notes]
	[(ii)] Senior Preferred Notes and Senior Non-Preferred Notes Waiver of Set-off:	Condition 3(d): [Applicable]/[Not Applicable]
	[(iii)] Tier 2 Capital Notes, Senior Preferred Notes and Senior Non-Preferred Notes Restricted Default:	Condition 14(b): [Applicable]/[Not Applicable]
	[(iv)] Senior Preferred Notes and Senior Non-Preferred Notes: Gross-up of principal:	[Applicable]/[Not Applicable]
	[(v)] [Date Board approval for issuance of Notes obtained:	[•]]

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

14.	**Fixed Rate Note Provisions**	[Applicable]/[Not Applicable]/[Applicable from [•] to [•] [if so elected by the Issuer on or before [•]]]
	(i) Rate[(s)] of Interest:	[•] per cent. per annum [payable [annually]/[semi-annually]/[quarterly]/[•] in arrear on each Interest Payment Date]
	(ii) Interest Payment Date(s):	[•]/[and [•]] in each year[, up to and including [•]/[the Maturity Date], commencing on [•]
	(iii) Fixed Coupon Amount[(s)]:	[•] per Calculation Amount
	(iv) Broken Amount(s):	[•] per Calculation Amount, payable on the Interest Payment Date falling on [•]/[Not Applicable]
	(v) Day Count Fraction:	[30/360] [Actual/Actual (ICMA)] [Actual/Actual (ISDA)] [Actual/365 (Fixed)]

[4] Only if Company is the Issuer of the Notes.

		[Actual/360] [30E/360] [Eurobond Basis] [30E/360(ISDA)]
15.	**Reset Note Provisions**	[Applicable]/[Not Applicable]
	(i) Initial Rate of Interest:	[●] per cent. per annum [payable [annually]/[semi-annually]/[quarterly]/[●] in arrear on each Interest Payment Date]
	(ii) Reset Rate:	[Mid-Swap Rate]/[Benchmark Gilt Rate]/[Reference Bond]
	(iii) First Margin:	[+/-][●] per cent. per annum
	(iv) Subsequent Margin:	[[+/-][●] per cent. per annum]/[Not Applicable][5]
	(v) Interest Payment Date(s):	[●] [and [●]] in each year up to (and including) the Maturity Date, commencing on [●]
	(vi) Fixed Coupon Amount in respect of the period from (and including) the Interest Commencement Date up to (but excluding) the First Reset Date:	[[●] per Calculation Amount]/[Not Applicable]
	(vii) Broken Amount(s):	[[●]] per Calculation Amount payable on the Interest Payment Date falling [in]/[on] [●]]/[Not Applicable]
	(viii) First Reset Date:	[●]
	(ix) Subsequent Reset Date(s):	[●] [and [●]]/[Not Applicable]
	(x) Benchmark Frequency:	[●]
	(xi) Relevant Screen Page:	[●]
	(xii) Mid-Swap Rate:	[Single Mid-Swap Rate]/[Mean Mid-Swap Rate]
	(xiii) Mid-Swap Maturity:	[●]
	(xiv) Initial Mid-Swap Rate Final Fallback:	[Applicable]/[Not Applicable]
	- Initial Mid-Swap Rate:	[●] per cent.
	(xv) Reset Maturity Initial Mid-Swap Rate Final Fallback:	[Applicable]/[Not Applicable]
	- Reset Period Maturity Initial Mid-Swap Rate:	[●] per cent.
	(xvi) Last Observable Mid-Swap Rate Final Fallback:	[Applicable]/[Not Applicable]
	(xvii) Subsequent Reset Rate Mid-Swap Rate Final Fallback:	[Applicable]/[Not Applicable]

[5] For Notes which are intended to count as MREL, the Subsequent Margin shall be equal to the First Margin.

	(xviii) Subsequent Reset Rate Last Observable Mid-Swap Rate Final Fallback:	[Applicable]/[Not Applicable]
	(xix) Reference Rate:	[SONIA]/[EURIBOR]/[•]
	(xx) Reference Banks:	[•]
	(xxi) Reference Bond Relevant Time:	[●]
	(xxii) Day Count Fraction:	[30/360] [Actual/Actual (ICMA)] [Actual/Actual (ISDA)] [Actual/365 (Fixed)] [Actual/360] [30E/360] [Eurobond Basis] [30E/360(ISDA)]
	(xxiii) Reset Determination Date(s):	[•]/[The provisions of the Conditions apply]
	(xxiv) Party responsible for calculating the Rate(s) of Interest and/or Interest Amount(s) (if not the [Principal Paying Agent]):	[[•] shall be the Calculation Agent]
16.	**Floating Rate Note Provisions**	[Applicable]/[Not Applicable]/[Applicable from [•] to [•] [if so elected by the Issuer on or before [•]]]
	(i) Specified Period(s):	[•]
	(ii) Interest Payment Dates:	[•] [and [•]] in each year[, subject to adjustment in accordance with the Business Day Convention set out in (iv) below/, not subject to adjustment, as the Business Day Convention in (iv) below is specified to be Not Applicable]
	(iii) First Interest Payment Date:	[•]
	(iv) Business Day Convention:	[Following Business Day Convention] [Modified Following Business Day Convention] [Modified Business Day Convention] [Preceding Business Day Convention] [FRN Convention] [Floating Rate Convention] [Eurodollar Convention] [No Adjustment] [Not Applicable]
	(v) Additional Business Centre(s):	[Not Applicable]/[•]

(vi)	Manner in which the Rate(s) of Interest is/are to be determined:	[Screen Rate Determination]/[ISDA Determination]
(vii)	Party responsible for calculating the Rate(s) of Interest and/or Interest Amount(s) (if not the [Principal Paying Agent]):	[[●] shall be the Calculation Agent]
(viii)	Screen Rate Determination:	[Applicable]/[Not Applicable]
	(a) Reference Rate:	[SONIA]/[EURIBOR]
	(b) Reference Bank(s):	[●]
	(c) Interest Determination Date(s):	[●]
	(d) Relevant Screen Page:	[●]
	(e) Index Determination:	[Applicable/Not Applicable]
	(f) Observation Method:	[Lag/Observation Shift/Not Applicable]
	(g) Observation Look-Back Period:	[5/[●] London Banking Days]/[Not Applicable]
	(h) Observation Shift Period:	[5/[●] London Banking Days]/[Not Applicable]
	(i) SONIA Compounded Index Observation Shift Period:	[5/[●] London Banking Days]/[Not Applicable]
	(j) Relevant Fallback Screen Page:	[●]
	(k) Relevant Time:	[[●] in the Relevant Financial Centre]/[as per the Conditions]
	(l) Relevant Financial Centre:	[London]/[Brussels]/[New York City]/[●]
	(m) Designated Maturity:	[●]/[Not Applicable]
	(n) Determination Time:	[[●] [a.m.]/[p.m.] ([●] time)]/[Not Applicable]
	(o) ISDA Determination:	[Applicable]/[Not Applicable]
	(p) Floating Rate Option:	[●]
	(q) Reset Date:	[●]
	(r) ISDA Definitions:	2006
	(s) Linear Interpolation:	[Not Applicable]/[Applicable – the Rate of Interest for the [long]/[short] [first]/[last] Interest Period shall be calculated using Linear Interpolation]
	(t) Margin(s):	[+/-][●] per cent. per annum

	(u) Minimum Rate of Interest:	[●] per cent. per annum
	(v) Maximum Rate of Interest:	[●] per cent. per annum
	(w) Day Count Fraction:	[30/360] [Actual/Actual (ICMA)] [Actual/Actual (ISDA)] [Actual/365 (Fixed)] [Actual/360] [30E/360] [Eurobond Basis] [30E/360(ISDA)]
17.	**Zero Coupon Note Provisions**	[Applicable]/[Not Applicable]
	(i) Accrual Yield:	[●] per cent. per annum
	(ii) Reference Price:	[●]
	(iii) Day Count Fraction in relation to early Redemption Amounts:	[30/360] [Actual/Actual (ICMA)] [Actual/Actual (ISDA)] [Actual/365 (Fixed)] [Actual/360] [30E/360] [Eurobond Basis] [30E/360(ISDA)]

PROVISIONS RELATING TO REDEMPTION, SUBSTITUION AND VARIATION

18.	**Call Option**	[Applicable]/[Not Applicable]
	(i) Optional Redemption Date(s) (Call):	[●]/[Any date from (and including) [●] to (but excluding) [●]]
	(ii) Optional Redemption Amount (Call):	[[●] per Calculation Amount] [in the case of the Optional Redemption Date(s) falling [on [●]]/[in the period from (and including) [●] to (but excluding) [●]] [and [[●] per Calculation Amount] [in the case of the Optional Redemption Date(s) falling [on [●]]/[in the period from (and including) [●] to (but excluding) the Maturity Date]]
	(iii) Series redeemable in part:	[Yes: [●] per cent. of the Aggregate Principal Amount of the Notes may be redeemed on [each]/[the] Optional Redemption Date (Call)]/[No]
	(iv) If redeemable in part:	
	(a) Minimum Redemption Amount:	[[●] per Calculation Amount]/[Not Applicable]
	(b) Maximum Redemption Amount:	[[●] per Calculation Amount]/[Not Applicable]

	(v) Notice period:	Minimum period: [[●] days]/[as per the Conditions] Maximum period: [[●] days]/[as per the Conditions]
19.	**Senior Preferred Notes and Senior Non-Preferred Notes**	[Applicable]/[Not Applicable]
	(i) Senior Preferred Notes and Senior Non-Preferred Notes: Loss Absorption Disqualification Event Redemption:	
	(i) Loss Absorption Disqualification Event:	[Full Exclusion]/[Full or Partial Exclusion]/[Not Applicable]
	(ii) Optional Redemption Amount (Loss Absorption Disqualification Event):	[●] per Calculation Amount
	(iii) Senior Preferred Notes and Senior Non-Preferred Notes: Substitution and Variation:	[Applicable]/[Not Applicable]
20.	**Tier 2 Capital Notes**	
	(i) Optional Redemption Amount (Capital Disqualification Event):	[●] per Calculation Amount
	(ii) Tier 2 Capital Notes: Substitution and Variation:	[Applicable]/[Not Applicable]
21.	Early Redemption Amount (Tax):	[●] per Calculation Amount
22.	Final Redemption Amount:	Subject to any purchase and cancellation or early redemption, the Notes will be redeemed on the Maturity Date at [●] per Calculation Amount
23.	Redemption Amount for Zero Coupon Notes:	[●]/[As per Condition 10(h)]

GENERAL PROVISIONS APPLICABLE TO THE NOTES

24.	Form of Notes:	**Bearer Notes:** [Temporary Global Note exchangeable for a Permanent Global Note which is exchangeable for Definitive Notes in the limited circumstances described in the Permanent Global Note] [Permanent Global Note exchangeable for Definitive Notes in the limited circumstances described in the Permanent Global Note] **Registered Notes:**

		[Global Certificate exchangeable for Individual Certificates in the limited circumstances described in the Global Certificate] [Global Certificate [(U.S.$[•]/€[•] principal amount)] registered in the name of a nominee for [a common depositary for Euroclear and Clearstream, Luxembourg]/[a common safekeeper for Euroclear and Clearstream, Luxembourg (that is, held under the New Safekeeping Structure (NSS))]/[Individual Certificates]
25.	New Global Note:	[Yes]/[No]/[Not Applicable]
26.	New Safekeeping Structure:	[Yes]/[No]/[Not Applicable]
27.	Additional Financial Centre(s) or other special provisions relating to payment dates:	[Not Applicable]/[•]
28.	Talons for future Coupons to be attached to Definitive Notes:	[Yes]/[No]

THIRD PARTY INFORMATION

[*[Relevant third party information]* has been extracted from *[specify source]*. The Issuer confirms that such information has been accurately reproduced and that, so far as it is aware and is able to ascertain from information published by *[specify source]*, no facts have been omitted which would render the reproduced information inaccurate or misleading.]

SIGNED on behalf of
[TSB BANKING GROUP PLC] / [TSB BANK PLC]:

By: .....
Duly authorised

PART B – OTHER INFORMATION

1. **Listing**

(i)	Listing and admission to trading:	[Application has been made by the Issuer (or on its behalf) for the Notes to be admitted to trading on the main market of the London Stock Exchange with effect from [●].] [Application is expected to be made by the Issuer (or on its behalf) for the Notes to be admitted to trading on the main market of the London Stock Exchange with effect from [●].]
(ii)	Estimate of total expenses related to admission to trading:	[●]

2. **Ratings**

Ratings:	The Notes to be issued have not been rated.

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

[Save for any fees payable to the [Managers]/[Dealers], so far as the Issuer is aware, no person involved in the offer of the Notes has an interest material to the offer. The [Managers/Dealers] and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform other services for, the Issuer and its affiliates in the ordinary course of business.]

4. **REASONS FOR THE OFFER AND ESTIMATED NET PROCEEDS**

(i) Reasons for the offer: [*see "Use of Proceeds" in the Base Prospectus/Give details*]

(ii) Estimated net proceeds: [●]

5. **[Fixed Rate Notes only – YIELD**

Indication of yield:	[●]] [The indicative yield is calculated at the Issue Date on the basis of the Issue Price. It is not an indication of future yield.]/[The indicative yield is calculated at the Issue Date on the basis of an assumed Issue Price of 100 per cent. It is not an indication of an individual investor's actual or future yield.]

6. **OPERATIONAL INFORMATION**

(i)	ISIN:	[●]
(ii)	Common Code:	[●]
(iii)	Any clearing system(s) other than Euroclear or Clearstream Luxembourg and the relevant identification number(s):	[Not Applicable]/[●]
(iv)	Delivery:	Delivery [against]/[free of] payment

(v)	Names and addresses of additional Paying Agent(s) (if any):	[●]
(vi)	Intended to be held in a manner which would allow Eurosystem eligibility:	[Yes. Note that the designation "yes" simply means that the Notes are intended upon issue to be deposited with one of the ICSDs as common safekeeper[, and registered in the name of a nominee of one of the ICSDs acting as common safekeeper,] [*include this text for Registered Notes which are to be held under the NSS*][and does not necessarily mean that the Notes will be recognised as eligible collateral for Eurosystem monetary policy and intra day credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met.] [No. Whilst the designation is specified as "no" at the date of these Final Terms, should the Eurosystem eligibility criteria be amended in the future such that the Notes are capable of meeting them the Notes may then be deposited with one of the ICSDs as common safekeeper [[, and registered in the name of a nominee of one of the ICSDs acting as common safekeeper,]. Note that this does not necessarily mean that the Notes will then be recognised as eligible collateral for Eurosystem monetary policy and intra day credit operations by the Eurosystem at any time during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met.]

7. **DISTRIBUTION**

(i)	U.S. Selling Restrictions:	[Reg. S Compliance Category [1]/[2];[TEFRA C]/[TEFRA D]/[TEFRA not applicable]
(ii)	Prohibition of Sales to EEA Retail Investors:	[Applicable]/[Not Applicable] [*If the Notes clearly do not constitute "packaged" products, "Not Applicable" should be specified. If the Notes may constitute "packaged" products and no "key information document" will be prepared, "Applicable" should be specified*]
(iii)	Prohibition of Sales to UK Retail Investors:	[Applicable]/[Not Applicable] [*If the Notes clearly do not constitute "packaged" products, "Not Applicable" should be specified. If the Notes may constitute "packaged" products and no "key information document" will be prepared, "Applicable" should be specified*]
(iv)	Prohibition of Sales to Belgian Consumers:	[Applicable/Not Applicable]
(v)	Method of distribution:	[Syndicated]/[Non-syndicated]
(vi)	If syndicated	[Not Applicable]/[●]

	(a) Names of Managers:	[Not Applicable]/[●]
	(b) Stabilisation Manager(s) (if any):	[Not Applicable]/[●]
	(vii) If non-syndicated, name and address of Dealer:	[Not Applicable]/[●]
8.	**BENCHMARK REGULATION**	[[*specify benchmark*] is provided by [*administrator legal name*]. As at the date hereof, [*administrator legal name*] [appears]/[does not appear] in the register of administrators and benchmarks established and maintained by the Financial Conduct Authority pursuant to Article 36 (Register of administrators and benchmarks) of the Benchmark Regulation (Regulation (EU) 2016/1011) as it forms part of domestic law by virtue of the EUWA (the "**UK BMR**"). [As far as the Issuer is aware, as at the date hereof, [●] does not fall within the scope of the UK BMR.]/[Not Applicable]

FORMS OF THE NOTES

Bearer Notes

Each Tranche of Bearer Notes will initially be in the form of either a Temporary Global Note, without interest coupons, or a Permanent Global Note, without interest coupons, in each case as specified in the relevant Final Terms. Each Global Note which is not intended to be issued in NGN form, as specified in the relevant Final Terms, will be deposited on or around the Issue Date of the relevant Tranche of Notes with a depositary or a common depositary for Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system and each Global Note which is intended to be issued in NGN form, as specified in the relevant Final Terms, will be deposited on or around the Issue Date of the relevant Tranche of Notes with a common safekeeper for Euroclear and/or Clearstream, Luxembourg.

In the case of each Tranche of Bearer Notes, the relevant Final Terms will also specify whether United States Treasury Regulation §1.163-5(c)(2)(i)(C) (or any successor rules in substantially the same form as such rules for purposes of Section 4701 of the Internal Revenue Code of 1986, as amended) ("**TEFRA C**") or United States Treasury Regulation §1.163-5(c)(2)(i)(D) (or any successor rules in substantially the same form as such rules for purposes of Section 4701 of the Internal Revenue Code of 1986, as amended) ("**TEFRA D**") are applicable in relation to the Notes or that neither TEFRA C nor TEFRA D are applicable.

Temporary Global Note exchangeable for Permanent Global Note

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

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

(a) presentation and (in the case of final exchange) presentation and surrender of the Temporary Global Note to or to the order of the Principal Paying Agent; and

(b) receipt by the Principal Paying Agent of a certificate or certificates of non-U.S. beneficial ownership,

within seven days of the bearer requesting such exchange.

Permanent Global Note exchangeable for Definitive Notes

If the relevant Final Terms specifies the form of Notes as being "Permanent Global Note exchangeable for Definitive Notes", then the Notes will initially be in the form of a Permanent Global Note which will be exchangeable in whole, but not in part, for Definitive Notes if the relevant Final Terms specifies "in the limited circumstances described in the Permanent Global Note", then if either of the following events occurs:

(a) Euroclear, Clearstream, Luxembourg or any other relevant clearing system is closed for business for a continuous period of 14 days (other than by reason of legal holidays) or announces an intention permanently to cease business;

(b) any of the circumstances described in Condition 14 (*Events of Default*) occurs; or

(c) if the Trustee is satisfied that, on the occasion of the next payment due in respect of the Notes of the relevant Series, the relevant Issuer or any of the Paying Agents would be required to make any deduction or withholding from any payment in respect of such Notes which would not be required were such Notes in definitive form.

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

In relation to any issue of Notes which have a denomination consisting of the minimum Specified Denomination plus a higher integral multiple of another smaller amount, the Permanent Global Note shall only be exchangeable for Definitive Notes in the limited circumstances specified in the Permanent Global Note.

Terms and Conditions applicable to the Bearer Notes

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

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

Legend concerning United States persons

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

"*Any United States person who holds this obligation will be subject to limitations under the United States income tax laws, including the limitations provided in Sections 165(j) and 1287(a) of the Internal Revenue Code.*"

Registered Notes

Each Tranche of Registered Notes will be represented by either:

(a) Individual Certificates; or

(b) one or more Global Certificates,

in each case as specified in the relevant Final Terms. A Certificate will be issued to each holder of Registered Notes in respect of its registered holding.

Each Note represented by a Global Certificate will either be: (a) in the case of a Certificate which is not to be held under the NSS, registered in the name of a common depositary (or its nominee) for Euroclear, Clearstream, Luxembourg and/or any other relevant clearing system and the relevant Global Certificate will be deposited on or about the issue date with the common depositary; or (b) in the case of a Certificate to be held under the NSS, be registered in the name of a common safekeeper (or its nominee) for Euroclear and/or Clearstream,

Luxembourg and/or any other relevant clearing system and the relevant Global Certificate will be deposited on or about the issue date with the common safekeeper for Euroclear and/or Clearstream, Luxembourg.

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

Global Certificate exchangeable for Individual Certificates

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

(a) in the case of any Global Certificate, if Euroclear or Clearstream, Luxembourg or any other relevant clearing system is closed for business for a continuous period of 14 days (other than by reason of legal holidays) or announces an intention permanently to cease business;

(b) in any case, if any of the circumstances described in Condition 14 (*Events of Default*) occurs; or

(c) if the Trustee is satisfied that, on the occasion of the next payment due in respect of the Notes of the relevant Series, the relevant Issuer or any of the Paying Agents would be required to make any deduction or withholding from any payment in respect of such Notes which would not be required were such Notes in definitive form.

Whenever a Global Certificate is to be exchanged for Individual Certificates, each person having an interest in a Global Certificate must provide the relevant Registrar (through the relevant clearing system) with such information as the relevant Issuer and the relevant Registrar may require to complete and deliver Individual Certificates (including the name and address of each person in which the Notes represented by the Individual Certificates are to be registered and the principal amount of each such person's holding).

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

Such exchange will be effected in accordance with the provisions of the Trust Deed and the Agency Agreement and the regulations concerning the transfer and registration of Notes scheduled to the Agency Agreement and, in particular, shall be effected without charge to any holder, but against such indemnity as the relevant Registrar may require in respect of any tax or other duty of whatsoever nature which may be levied or imposed in connection with such exchange.

Terms and Conditions applicable to the Registered Notes

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

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

Summary of Provisions relating to the Notes while in Global Form

Clearing System Accountholders

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

In relation to any Tranche of Notes represented by one or more Global Certificates, references in the Conditions to "**Noteholder**" or "**Holder**" are references to the person in whose name the relevant Global Certificate is for the time being registered in the Register which will be a depositary or common depositary or common safekeeper for Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system or a nominee for that depositary or common depositary or common safekeeper, as the case may be.

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

Transfers of Interests in Global Notes and Global Certificates

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

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

Conditions applicable to Global Notes

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

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

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

All payments of interest in respect of a Series of Notes represented by a Global Note or Global Certificate shall be calculated in respect of the total aggregate amount of the Notes represented by the relevant Global Note or Global Certificate.

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

Payment Record Date: Each payment in respect of a Global Certificate will be made to the person, being the person shown as the Holder in the Register at the close of business (in the relevant clearing system) on the Clearing System Business Day before the due date for such payment (the "**Record Date**") where "**Clearing System Business Day**" means Monday to Friday inclusive except 25 December and 1 January.

Partial exercise of call option: In connection with an exercise of the option contained in Condition 10(f) (*Partial redemption*) in relation to some only of the Notes, the Permanent Global Note or Global Certificate may be redeemed in part in the principal amount specified by the relevant Issuer in accordance with the Conditions and the Notes to be redeemed will not be selected as provided in the Conditions but in accordance with the rules and procedures of Euroclear and/or Clearstream, Luxembourg (to be reflected in the records of Euroclear and/or Clearstream, Luxembourg as either a pool factor or a reduction in principal amount, at their discretion).

Notices: Notwithstanding Condition 21 (*Notices*), while all the Notes are represented by a Global Note or a Global Certificate and the Global Note or the Global Certificate is deposited with a depositary or a common depositary for Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system or a common safekeeper, notices to Noteholders may be given by delivery of the relevant notice to Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system and, in any case, such notices shall be deemed to have been given to the Noteholders in accordance with Condition 21 (*Notices*) on the date of delivery to Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system.

Eurosystem Eligibility

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

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

the future so that such Notes are capable of meeting the eligibility criteria, such Notes may then be deposited with Euroclear or Clearstream, Luxembourg as common safekeeper.

USE OF PROCEEDS

The net proceeds of the issue of the Notes will be used by the relevant Issuer for its general corporate purposes as may be more specifically set out in the Final Terms.

INFORMATION ON THE GROUP

Introduction

TSB Banking Group plc (the "**Company**") was incorporated and registered in the United Kingdom on 31 January 2014 (Registration number 08871766). The Company's registered office is at 20 Gresham Street, London, England, EC2V 7JE, telephone number (+44) (0) 207 003 9235.

TSB Bank plc (the "**Bank**") is domiciled in the UK. The Bank was incorporated and registered in Scotland on 24 September 1985 (Registration number SC095237). The Bank's registered office is at Henry Duncan House, 120 George Street, Edinburgh EH2 4LH, Scotland, telephone number (+44) (0) 131 260 0264.

On 9 September 2013, the Bank was launched as a re-branded retail bank operating in the UK with branches across England, Scotland and Wales. As at the date of the Base Prospectus, the Bank is a wholly owned subsidiary of the Company which in turn is wholly owned by Sabadell.

Background

In November 2009, Lloyds Banking Group announced that it had agreed the terms of a restructuring plan with the European Commission, including the divestment of a significant UK retail banking business (the business that is the Group today) as part of the approval by the European Commission of the State aid granted to Lloyds Banking Group.

HM Treasury's financial support of Lloyds Banking Group during a period of unprecedented turbulence in the global financial markets in 2008 – 2009 was deemed by the European Commission to have constituted State aid. As a result, Lloyds Banking Group was required to dispose of a UK retail banking business meeting certain criteria, with the aim of bringing more competition to UK retail banking. The criteria to be met by the divestment business, included a minimum number of branches and their customers, a minimum share of the PCA market in the UK and a specified proportion of Lloyds Banking Group's mortgage assets meeting certain quality thresholds.

Lloyds Banking Group chose to divest the Bank's business by way of initial public offering and on 25 June 2014, the ordinary shares of the Company were admitted to the premium segment of the Official List and to trading on the London Stock Exchange's main market for listed securities.

On 20 March 2015, the boards of the Company and Sabadell announced that they had reached agreement on the terms of a recommended cash offer to be made by Sabadell for the entire issued share capital of the Company. The acquisition of the Company by Sabadell was completed on 30 June 2015 and the ordinary shares of the Company were delisted.

Sabadell migrated the Group's infrastructure onto a new IT platform built and provided by companies within the Sabadell Group (and other third party suppliers) in April 2018. In 2020 the Bank implemented a strategy to take direct management of suppliers of IT services which significantly reduced the scope of the services provided by companies within the Sabadell Group.

At the end of November 2020, TSB's shareholder, Sabadell, announced that it would bring forward a strategic review in 2021 including reviewing its international businesses. The Board of the Bank will aim to ensure that the Bank continues to focus on serving customers and revitalising the brand to deliver against its own growth strategy.

Strategy

The Group's three-year growth strategy, introduced in November 2019, helped it navigate the challenges of 2020. The Group's goal is to restore its competitiveness through a stronger focus on serving customers more effectively, and to deliver its renewed business purpose of "Money Confidence. For everyone. Every Day".

The strategy is built on three pillars: customer focus; simplification and efficiency, and operational excellence:

Customer focus

The Group has identified the 'Aspiring Middle' (being working families, individuals for whom money is a constant balancing act, and variable income customer groups) as its target segment of the market and will aim to build the bank to meet their need for money confidence. These customers have a wealth of unmet needs and present clear opportunities where TSB can help make a difference.

The Group will invest in digital solutions, products and services that will help deliver its renewed business purpose, as well as reshaping the size of its branch network to ensure it meets the changing needs of customers.

Simplification and efficiency

Becoming a more technology-enabled and innovative business means transforming to be simpler and faster. The Group's new IT platform has a strong foundation to build upon for the future with multi-cloud and data capabilities, using data driven insights and analytics to improve customer experiences for its target segment.

Operational excellence

The Group is focused on creating a resilient and sustainable business that delivers operational excellence. The strategy is underpinned by strong governance framework and oversight, backed by an experienced management team.

Current Operations and Principal Activities

The Group's business is of a fully functioning UK bank with a multi-channel, national distribution model, including 443 branches (as at 31 December 2020) with coverage across England, Scotland and Wales and a full digital (internet and mobile) and telephony capability. In September 2020, the Group announced further changes to its branch network, including the closure of 153 branches in 2021. These changes will mean that the Group expects to have 290 branches at the end of 2021. These plans were already within the Group's existing strategy, but the Group accelerated the pace of delivery as consumer behaviour changed during the COVID-19 pandemic.

The Group's comprehensive product suite includes PCAs, savings products, mortgages, unsecured personal and business lending and certain insurance products.

The Group has a simple balance sheet and comparatively low-risk financial structure overall. The Group also benefits from a broad and (save in certain limited respects) uncapped Conduct Indemnity from Lloyds Bank against losses arising out of historical conduct issues.

On 7 December 2015 the Group further grew its balance sheet by acquiring the Whistletree Portfolio.

Business and Activities

The Group offers a range of banking services and products to individuals and predominantly 'micro' business banking customers throughout the UK.

Deposits

PCAs

For most retail customers, a PCA is at the core of their overall relationship with a bank. PCAs provide retail banks with loyal customers and a source of resilient, low-cost funding.

Savings accounts

Savings accounts can offer a fixed interest rate for a fixed term, or a variable interest rate (which may change at the discretion of the bank but often moves in response to changes in the Bank of England Base Rate). Variable rate savings accounts may also include a "bonus" rate on top of the standard variable deposit rate for a specified term. Deposits held with savings accounts can either be instant access (where customers can withdraw the deposits at any time) or be term deposits (where customers can generally only withdraw deposits without penalty at the end of the term).

Residential mortgages

The information in this section relates to the TSB Franchise only.

The Group's residential mortgage portfolio consists solely of residential mortgage loans to individuals secured on residential properties located in the UK. The Group's residential mortgage loans are fully secured by way of a first ranking charge on the residential property to which the mortgage loan relates, on terms which allow for the repossession and sale of the property if the borrower fails to comply with the terms of the loan.

The Group offers both mainstream residential mortgage lending (where the borrower is the owner and occupier of the mortgaged property) and buy-to-let lending (where the borrower intends to let the mortgaged property). In common with other residential mortgage lenders in the UK, the Group does not offer mortgages to borrowers who self-certify their income or who have adverse credit histories (sub-prime). However, unlike many lenders, the Group also has no historical self-certification or sub-prime business in its mortgage portfolio.

Unsecured Lending

The unsecured lending products offered to customers by the Group consist of unsecured personal loans, credit cards and PCA overdrafts.

Unsecured personal loans

The Group's unsecured personal loan portfolio consists of fixed rate lending to customers, referred to as "Fix and Flex Loans" (previously known as "standard personal loans") which are generally purpose loans in the form of "Car Loans" for customers looking to buy a new or used car, "Debt Consolidation Loans" that allow customers to refinance and combine their existing debt and "Home Improvement Loans" for customers looking to extend, convert, refurbish or renovate their home. In addition, the Group offers "Graduate Loans" for customers who require assistance with their finance following graduation and "Additional Borrowing" facilities for customers who already have an unsecured personal loan with the Group and require additional funding.

Credit cards

Credit cards are a key transactional banking product, meeting a range of customers' buying and borrowing needs. The Group offers credit cards both to customers with an existing relationship with the bank, and on the open market.

PCA Overdrafts

The Group also offers both planned and unplanned overdrafts to its PCA customers. Planned overdrafts are overdrafts that have been formally agreed to by the Group. Unplanned overdrafts are overdrafts that have not

been formally agreed to by the Group and occur where a PCA holder pays or withdraws money from their PCA in excess of their credit balance or the amount of their planned overdraft.

Business Banking

As the Group initially focused on retail customers, its business banking services are geared towards the needs of "micro" business customers (which the Group defines as business banking customers with a revenue of less than £500,000 and borrowing no more than £1 million) with part of the business banking lending risks being mitigated by taking of a second charge over commercial or residential property. During 2020, the business banking portfolio increased significantly as a result of lending under the Government's BBLS and CBILS to support business through the COVID-19 crisis. Those loans are guaranteed by the UK government, with the British Business Bank responsible for all administration in connection with such guarantees, including the administration of the guarantee claims portal in respect thereof.

Insurance products

The Group offers general insurance products, underwritten by Aviva Insurance Limited, through its branch, digital and telephony channels.

Interim Financial Statements

Neither of the Company, or the Bank publish interim financial statements.

Directors of the Company

The directors of the Company, the business address of each of whom is 20 Gresham Street, London EC2V 7JE, and their respective principal outside activities, where significant to the Group, are as follows:

Name	Principal outside activities
Richard Meddings *Chairman*	Non-executive Director, Credit Suisse Non-executive Director, HM Treasury Trustee, Teach First
Debbie Crosbie *Chief Executive Officer*	
Ralph Coates *Chief Financial Officer*	
Paulina Beato *Independent Non executive Director*	Chair, Board of Trustees of the Barcelona Graduate School of Economics
David Vegara *Non executive Director*	Group Chief Risk Officer and Executive Board Member, Banco de Sabadell, S.A. Member of the Supervisory Board at the Hellenic Corporation of Assets & Participations S.A. Trustee of Fundación Pasqual Maragall (not-for-profit organisation)
Tomás Varela *Non executive Director*	General Manager and Group Chief Financial Officer, Banco de Sabadell, S.A. Alternate Chairman, Banco Sabadell, S.A. IBM Alternate Chairman, SabCapital, S.A. de C.V. SOFOM E.R. Representative of Banco de Sabadell S.A. - Trustee, Fundación de Estudios Financieros

Name	Principal outside activities
Andy Simmonds *Independent Non executive Director*	Non-executive Director, EFG Private Bank Ltd Non-executive Chairman, ICBC Standard Bank plc
César González-Bueno *Non executive Director*	Chief Executive Officer, Banco de Sabadell, S.A. (subject to regulatory approval)
Lynne Peacock *Senior Independent Non-executive Director*	Non-executive Director, Serco plc Non-executive Director, Royal Mail plc Chair of the Board of Trustees of the Westminster Society for People with Learning Disabilities
Mark Rennison *Independent Non-executive Director*	Non-executive Director, Royal London Non-executive Director, Homes England
Elizabeth (Libby) Chambers *Independent Non-executive Director*	Non-executive Director, Provident Financial Group plc Non-executive Director, Tilney Smith & Williamson Limited Senior Advisor to Searchlight Capital Partners and its portfolio companies
Adam Banks *Independent Non-executive Director*	Member of the Advisory Board, Pollinate International Advisor to the Board, Euroclear UK&I

Tomás Varela is an Executive of Banco de Sabadell, S.A. and David Vegara is an executive board member of Banco de Sabadell, S.A. César González-Bueno will become an executive board member of Banco de Sabadell, S.A. on receipt of his regulatory approval to act as Chief Executive Officer and on subsequent confirmation of this appointment by resolution of the Sabadell Board. As such, Tomás Varela, David Vegara, and César González-Bueno have a potential conflict of interest in circumstances where the interests of the Company and the wider Sabadell Group are not aligned. This potential conflict has been authorised by the Board of the Company.

None of the other directors of the Company has any actual or potential conflict between their duties to the Company and their private interests or other duties as listed above.

Directors of the Bank

The directors of the Bank, the business address of each of whom is 20 Gresham Street, London EC2V 7JE, and their respective principal outside activities, where significant to the Group, are as follows:

Name	Principal outside activities
Richard Meddings *Chairman*	Non-executive Director, Credit Suisse Non-executive Director, HM Treasury Trustee, Teach First
Debbie Crosbie *Chief Executive Officer*	
Ralph Coates *Chief Financial Officer*	
Paulina Beato *Independent Non executive Director*	Chair, Board of Trustees of the Barcelona Graduate School of Economics

Name	Principal outside activities
David Vegara *Non executive Director*	Group Chief Risk Officer and Executive Board Member, Banco de Sabadell, S.A. Member of the Supervisory Board at the Hellenic Corporation of Assets & Participations S.A. Trustee of Fundación Pasqual Maragall (not-for-profit organisation)
Tomás Varela *Non executive Director*	General Manager and Group Chief Financial Officer, Banco de Sabadell, S.A. Alternate Chairman, Banco Sabadell, S.A. IBM Alternate Chairman, SabCapital, S.A. de C.V. SOFOM E.R. Representative of Banco de Sabadell S.A. - Trustee, Fundación de Estudios Financieros
Andy Simmonds *Independent Non executive Director*	Non-executive Director, EFG Private Bank Ltd Non-executive Chairman, ICBC Standard Bank plc
César González-Bueno *Non executive Director*	Chief Executive Officer, Banco de Sabadell, S.A. (subject to regulatory approval)
Lynne Peacock *Senior Independent Non executive Director*	Non-executive Director, Serco plc Non-executive Director, Royal Mail plc Chair of the Board of Trustees of the Westminster Society for People with Learning Disabilities
Mark Rennison *Independent Non executive Director*	Non-executive Director, Royal London Non-executive Director, Homes England
Elizabeth (Libby) Chambers *Independent Non executive Director*	Non-executive Director, Provident Financial Group plc Non-executive Director, Tilney Smith & Williamson Limited Senior Advisor to Searchlight Capital Partners and its portfolio companies
Adam Banks *Independent Non executive Director*	Member of the Advisory Board, Pollinate International Advisor to the Board, Euroclear UK&I

Tomás Varela is an Executive of Banco de Sabadell, S.A. and David Vegara is an executive board member of Banco de Sabadell, S.A. César González-Bueno will become an executive board member of Banco de Sabadell, S.A. on receipt of his regulatory approval to act as Chief Executive Officer and on subsequent confirmation of this appointment by resolution of the Sabadell Board. As such, Tomás Varela, David Vegara, and César González-Bueno have a potential conflict of interest in circumstances where the interests of the Bank and the wider Sabadell Group are not aligned. This potential conflict has been authorised by the Board of the Bank.

None of the other directors of the Bank has any actual or potential conflict between their duties to the Bank and their private interests or other duties as listed above.

SUPERVISION AND REGULATION

As a financial institution, the Bank, together with the Group, is subject to extensive financial services laws, regulations, administrative actions and policies in the UK and each location in which the Group operates. As well as being subject to UK regulation, as its parent is Sabadell, the Company and the Group are also impacted indirectly through regulation by the *Banco de España* and, at a corporate level, by the ECB (following the introduction of the Single Supervisory Mechanism in November 2014). The laws, regulations and policies to which the Group is subject may be changed at any time. In addition, the interpretation and the application of those laws and regulations by regulators are also subject to change. Extensive legislation affecting the financial services industry has recently been adopted in regions that directly or indirectly affect the Group's business, including in the UK, Spain and the EU.

The Banking Act, the SRR and the BRRD

The Banking Act has implemented in the UK the majority of the requirements of the BRRD and was recently amended by, amongst other statutory instruments, The Bank Recovery and Resolution (Amendment) (EU Exit) Regulations 2020, which implement into UK law certain of the recent amendments to BRRD which were required to be implemented prior to the UK leaving the EU. The Banking Act grants substantial powers to the Bank of England (or, in certain circumstances, HM Treasury), in consultation with the PRA, the FCA and HM Treasury, as appropriate as part of the SRR. These powers enable the relevant Resolution Authority (as defined below) to implement various resolution measures and stabilisation options (including, but not limited to, the bail-in tool, described below) with respect to a UK bank or investment firm and certain of its affiliates (currently including the Issuers) (each a "**relevant entity**") in circumstances in which the relevant Resolution Authority is satisfied that the resolution conditions are met. Such conditions include that a relevant entity is failing or is likely to fail to satisfy the FSMA threshold conditions for authorisation to carry on certain regulated activities (within the meaning of section 55B of the FSMA) or, in the case of a UK banking group company that is a third country (including EEA) institution or investment firm, that the relevant third country relevant authority is satisfied that the resolution conditions are met in respect of such entity. "**Resolution Authority**" means the Bank of England or any successor or replacement thereto or such other authority in the United Kingdom (or if the relevant Issuer becomes domiciled in a jurisdiction other than the United Kingdom, such other jurisdiction) having primary responsibility for the recovery and/or resolution of the relevant Issuer and/or the Group.

The SRR consists of five stabilisation options: (a) private sector transfer of all or part of the business or shares of the relevant entity, (b) transfer of all or part of the business of the relevant entity to a "bridge bank" established by the Bank of England, (c) transfer to an asset management vehicle wholly or partly owned by HM Treasury or the Bank of England, (d) the bail-in tool (as described below) and (e) temporary public ownership (nationalisation).

The stabilisation options are intended to be used prior to the point at which any insolvency proceedings with respect to the relevant entity could have been initiated. The purpose of the stabilisation options is to address the situation where all or part of a business of a relevant entity has encountered, or is likely to encounter, financial difficulties, giving rise to wider public interest concerns.

The Banking Act also provides for additional insolvency and administration procedures for relevant entities and for certain ancillary powers, such as the power to modify contractual arrangements in certain circumstances (which could include a variation of the terms of the Notes), powers to impose temporary suspension of payments, powers to suspend enforcement or termination rights that might be invoked as a result of the exercise of the resolution powers and powers for the relevant Resolution Authority to disapply or modify laws in the UK (with possible retrospective effect) to enable the powers under the Banking Act to be used effectively.

Subject to certain exemptions set out in the Banking Act (including secured liabilities, bank deposits guaranteed under a deposit guarantee scheme, liabilities arising by virtue of the holding of client money, liabilities to other non-group banks or investment firms that have an original maturity of fewer than seven days and certain other exceptions), it is intended that all liabilities of institutions and/or their UK parent holding companies should be within scope of the bail-in tool. The Banking Act specifies the order in which the bail-in tool should be applied, reflecting the hierarchy of capital instruments under CRD IV and otherwise respecting the hierarchy of claims in an ordinary insolvency.

In addition, the Banking Act requires the relevant Resolution Authority to permanently write-down, or convert into equity, tier 1 capital instruments, tier 2 capital instruments (such as the Tier 2 Capital Notes) and relevant internal liabilities at the point of non-viability of the relevant entity and before, or together with, the exercise of any stabilisation option (except in the case where the bail-in tool is to be utilised for other liabilities, in which case such capital instrument would be written down or converted into equity pursuant to the exercise of the bail-in tool rather than the mandatory write-down and conversion power applicable only to capital instruments or relevant internal liabilities).

For the purposes of the application of such mandatory write-down and conversion power, the point of non-viability is the point at which the relevant Resolution Authority determines that the relevant entity meets the conditions for resolution (but no resolution action has yet been taken) or that the relevant entity will no longer be viable unless the relevant capital instruments or relevant internal liabilities are written down or converted or the relevant entity requires extraordinary public support without which, the relevant Resolution Authority determines that the relevant entity would no longer be viable.

2018 Order

On 19 December 2018, HM Treasury published the Banks and Building Societies (Priorities on Insolvency) Order 2018 (the "**2018 Order**"), which implements Directive (EU) 2017/2399 of the European Parliament and of the Council of 12 December 2017 (the "**Amendment Directive**") amending the BRRD as regards the ranking of unsecured debt instruments in insolvency hierarchy.

The Amendment Directive introduced a new layer in insolvency for ordinary, long-term, unsecured debt-instruments issued by credit institutions and financial institutions within their consolidation perimeter that are established within the EU (including, for these purposes, the UK).

The 2018 Order splits a financial institution's non-preferential debts into classes and provides that ordinary non-preferential debts (as defined in the 2018 Order) (including Senior Preferred Notes) will rank ahead of secondary non-preferential debts (as defined in the 2018 Order) (including Senior Non-Preferred Notes) and tertiary non-preferential debts (as defined in the 2018 Order). Tier 2 Capital Notes would constitute tertiary non-preferential debts under the terms of the 2018 Order, and therefore both ordinary and secondary non-preferential debts would continue to rank ahead of claims in respect of the Tier 2 Capital Notes.

EU Banking Reforms

CRD IV implemented the Basel III agreement in the EU and the UK (and now forms part of UK law by virtue of the EUWA) and introduced significant changes in the prudential regulatory regime applicable to banks including increased minimum capital ratios, changes to the definition of capital and the calculation of risk-weighted assets and the introduction of new measures relating to leverage, liquidity and funding. CRD IV also made changes to rules on corporate governance, including remuneration, and introduces standardised EU regulatory reporting requirements which specify the information that must be reported to supervisors in areas such as own funds, large exposures and financial information.

On 23 November 2016, the European Commission presented a comprehensive package of reforms to further strengthen the resilience of EU banks (the "**EU Banking Reforms**") which proposals amended many of the

existing provisions set forth in CRD IV and the BRRD. The changes in the approved text included setting higher capital and additional loss absorbing capacity requirements, increasing the powers of the relevant competent authorities and incorporating the regulatory definition of trading activity, standardised and advanced risk weighted assets calculation methodologies for market risk and new standardised risk weighted assets rules for counterparty credit risk. These changes also included phase-in arrangements for the regulatory capital impact of IFRS 9 and the ongoing interaction of IFRS 9 with the regulatory framework, including changes to relevant accounting standards, which came into force on 1 January 2018 and which resulted in changes to the methodologies which the Group is required to adopt for the valuation of financial instruments. The arrangements were originally to take effect from 1 January 2022, with some standards subject to five year phase-in arrangements, but this was extended in June 2020 to apply from 1 January 2023 as part of the EU's response to the COVID-19 pandemic. The UK has implemented the majority of the provisions under the EU Banking Reforms which became applicable on 28 December 2020 but not those which became applicable on or after 1 January 2021. However, the UK has indicated that it is committed to implementing international standards including those aspects of Basel III which formed part of CRR II, and will adjust the UK implementation timetable to reflect the delay. On 16 November 2020, the PRA confirmed in a joint statement with HM Treasury and the FCA that the above statement still applies and that it is targeting an implementation date of 1 January 2022 for those Basel III reforms which make up the UK equivalent to the outstanding elements of the CRR included in CRR II.

The EU Banking Reform Package also includes a number of significant revisions to the BRRD (known as "**BRRD2**"). The BRRD2 proposals were finalised in June 2019 and were due to be implemented in Member States by 28 December 2020 with certain requirements relating to the implementation of the TLAC standard applying from 1 January 2022 and additional MREL requirements from January 2024. The UK implemented the majority of the BRRD2 provisions which became applicable on 28 December 2020 (although certain of those provisions were subject to a 'sunset' clause which disapplied them from 1 January 2021), but not those which became applicable on or after 1 January 2021.

Further, MREL, which is being implemented in the UK (for further detail, see the risk factor entitled "*The Group is subject to substantial and changing prudential regulation*"), will apply to UK financial institutions and cover capital and debt instruments that are capable of being written-down or converted to equity in order to prevent a financial institution from failing in a crisis. The Bank of England has set a final MREL compliance date of 1 January 2023 for UK resolution entities which are not global or domestic systemically important banks.

Resolvability Assessment Framework

The Banking Act and associated FCA and PRA rules contain requirements relating to recovery and resolution plans, early supervisory interventions and the resolution of firms (including the bail-in tool as described above). The Bank of England made a commitment to the UK parliament that major UK banks will be fully resolvable by 2022. To satisfy this commitment, the Bank of England and the PRA are introducing a new Resolvability Assessment Framework, with full implementation of the framework required by 1 January 2022 for Tier 1 banks. On 18 December 2020 the Bank of England published a statement extending the deadline to 1 January 2023 for mid-tier banks (which includes the Group) to implement the framework.

The Resolvability Assessment Framework is implemented through:

(i) a Statement of Policy from the Bank of England, which sets out the Bank of England's approach to assessing resolvability for UK firms with a bail-in or partial transfer resolution strategy (including the Group) and for material subsidiaries of overseas firms. The Bank of England will assess firms against three resolvability outcomes they must meet by the relevant deadline: (i) adequate financial resources;

(ii) being able to continue to do business through resolution and restructuring; and (iii) being able to communicate and coordinate within the firm and with authorities; and

(ii) PRA rules in the new Resolution Assessment part of the PRA Rulebook, requiring major UK banks (those with £50 billion or more in retail deposits on an individual or consolidated basis, including the Group) to assess their preparations for resolution, submit reports of their assessment to the PRA and publicly disclose a summary of their report. Firms were originally required to submit their first reports to the PRA by October 2020 (and every two years thereafter) and publicly disclose their summaries by June 2021 (and every two years thereafter), but these first reporting and disclosure dates were delayed by a year to October 2021 and June 2022, respectively, in May 2020, as part of the PRA's response to the Covid-19 pandemic.

The Resolvability Assessment Framework is intended to increase public awareness of resolution, help market participants to make better informed investment decisions and incentivise firms to meet the resolvability objectives by the relevant deadline.

Consumer credit regulation

The FCA is responsible for the oversight and regulation of consumer credit. The framework for consumer credit regulation comprises the FSMA and its secondary legislation (consumer credit activities are, therefore, subject to the General Prohibition and the FSMA authorisation regime, retained provisions in the Consumer Credit Act 1974 and rules and guidance in the FCA Handbook) (for the purposes of this section, collectively the "**Consumer Credit Regime**").

Under the Consumer Credit Regime, the Financial Services and Markets Act 2000 (Regulated Activities) Order 2001 has been amended so that consumer credit activities, including entering into a "regulated credit agreement" as lender, are "regulated activities" for the purposes of the FSMA. A "regulated credit agreement" is any "credit agreement" that is not an "exempt agreement". A "credit agreement" is any agreement between an individual or relevant recipient of credit ("**A**") and any other person ("**B**"), under which B provides A with "credit" of any amount. Credit is widely defined and includes cash loans and any other form of financial accommodation. Exempt agreements include certain agreements predominantly for the purposes of a business, certain agreements secured on land and agreements relating to the purchase of land where a local authority or other specified type of organisation is the lender. Other regulated consumer credit activities include credit broking, debt-related consumer credit activities, entering into a regulated consumer hire agreement as owner, operating an electronic system in relation to lending and providing credit information services and credit references.

Key features of the Consumer Credit Regime include:

(i) Authorisation: To become authorised, firms must meet the threshold conditions (the minimum standards for becoming and remaining authorised) and obtain pre-approval for individuals who will perform key roles in the applicant firm;

(ii) Supervision: Under the Consumer Credit Regime there is a distinction between higher-risk and lower-risk consumer credit activities and different supervisory approaches for each. There is close supervision of firms engaged in higher risk consumer credit activities and a less intensive supervision regime for lower risk firms. Firms are subject to regular reporting requirements in relation to their consumer credit activities and the FCA engage in thematic work in response to systemic issues;

(iii) Rules: The relevant rules are FCA rules (breaches of which can be penalised), guidance and provisions of the Consumer Credit Act. The FSMA financial promotions regime also applies, and the FCA has also imposed financial promotion rules for high cost short-term credit, cold calling and debt management companies;

(iv) Enforcement: The FCA's enforcement powers include the power to: bring criminal, civil and disciplinary proceedings; withdraw authorisations; suspend authorised firms for 12 months; suspend individuals from performing certain roles for two years; and the power to issue unlimited fines. It is also able to use its product intervention powers in the consumer credit market, which can include restrictions on product features and selling practices or product bans; and

(v) Complaints and redress: Consumers have access to the FOS. The FCA also has the power to require authorised firms to reimburse consumers who have suffered loss due to the firm's actions.

Consumer Credit Directive

In April 2008, the European Parliament and the Council of the EU adopted a second directive on consumer credit (Directive 2008/48/EC) (the "**Consumer Credit Directive**") which provided that, subject to exemptions, loans of between €200 and €75,000 inclusive must be regulated. The Consumer Credit Directive repealed and replaced the first consumer credit directive and required Member States (which included the UK at the relevant time) to implement the directive by measures in force by 11 June 2010. Loan agreements secured by land mortgage are exempted from the Consumer Credit Directive.

Mortgage Credit Directive

The directive on credit agreements relating to residential property, the "**MCD**"**,** came into effect on 20 March 2014. The MCD was, to some extent, modelled on the Consumer Credit Directive and requires, among other things, standard pre-contractual information to be provided to the borrower, calculation of the annual percentage rate of charge in accordance with a prescribed formula, and the borrower to have a right to make early repayment. In addition, in August 2015 the EBA published guidelines on mortgage arrears and foreclosure (the majority of which applied from March 2016) and the MCD itself provides for a review after five years.

The MCD entered into force in the UK in March 2016. Changes included amendment of the definition of "regulated mortgage contract" to include second charge lending, bringing the regulation of second charge mortgage lending into line with first charge lending (rather than it being regulated under the FCA's Consumer Credit Regime), and the establishment of a framework for regulating buy-to-let mortgage lending to consumers.

Mortgage lending

The FSMA regulates mortgage credit within the definition of "regulated mortgage contract" and also regulates certain other types of home finance. A credit agreement is a regulated mortgage contract if it is entered into on or after 31 October 2004 and, at the time it is entered into: (i) the credit agreement is one under which the lender provides credit to an individual or to trustees; (ii) the contract provides for the repayment obligation of the borrower to be secured by a first legal mortgage on land (other than timeshare accommodation) in the UK; and (iii) at least 40 per cent. of that land is used, or is intended to be used, as or in connection with a dwelling by the borrower or (in the case of credit provided to trustees) by an individual who is a beneficiary of the trust, or by a related person.

If prohibitions under the FSMA as to authorisation or financial promotions are contravened, then the relevant regulated mortgage contract (and, in the case of financial promotions, certain other credit secured on land) is unenforceable against the borrower without a court order. The FCA's Mortgages and Home Finance: Conduct of Business Sourcebook ("**MCOB**") sets out rules in respect of regulated mortgage contracts and certain other types of home finance. Under the MCOB rules, an authorised firm (such as the Bank) is subject to strict rules on arrears handling and repossessions and is restricted from repossessing a property unless all other reasonable attempts to resolve the position have failed, which can include the extension of the term of the mortgage, product type changes and deferral of interest payments.

The majority of the new rules in relation to the FCA Mortgage Market Review ("**MMR**") came into effect on 26 April 2014.

Principal changes are to promote responsible lending and include:

(i) more thorough verification of borrowers' income (no self-certification of income, mandatory third party evidence of income required);

(ii) assessment of affordability of interest-only loans on a capital and interest basis unless there is a clearly understood and believable alternative source of capital repayment;

(iii) application of interest rate stress tests – lenders must consider likely interest rate movements over a minimum period of five years from the start of the mortgage term;

(iv) when making underwriting assessments lenders must take account of future changes to income and expenditure that a lender knows of or should have been aware of from information gathered in the application process;

(v) lenders may base their assessment of customers' income on actual expected retirement age rather than state pension age. Lenders will be expected to assess income into retirement to judge whether the affordability tests can be met;

(vi) significant changes to mortgage distribution and advice requirements (including a requirement that advice must be given during most interactive sales); and

(vii) changes in relation to arrears management and requirements on contract variations such as when additional borrowing is requested.

The FCA have since conducted a further Mortgages Market Study. The final report (MS16/2.3) was published on 26 March 2019 and included proposed remedies to improve innovation in the industry and identify barriers to customers switching mortgages. The FCA has since made further changes through policy statements and it is possible that further changes will continue to be made as a result of the FCA's ongoing reviews.

Breathing Space Regulations

The Debt Respite Scheme (Breathing Space Moratorium and Mental Health Crisis Moratorium) (England and Wales) Regulations 2020 (the "**Breathing Space Regulations**") are due to come into force on 4 May 2021. The Breathing Space Regulations will establish a scheme which will give an eligible individual in problem debt the right to legal protections from creditor action for up to 60 days while they receive debt advice, as well as a separate scheme providing for borrowers receiving mental health crisis treatment to be protected by a similar moratorium for the duration of their mental health crisis treatment and then for a further 30 days following the end of such treatment. Protections under the scheme are not extended to mortgage payments on the principal and interest, but will extend to payments of mortgage arrears not capitalised and interest, fees or any other charges on those arrears.

Sustainable finance

The UK regulators have recently focused on sustainable finance. The PRA, together with the FCA, has established a Climate Financial Risk Forum to build intellectual capacity and share best practice. In a supervisory statement on climate financial risk in 2019, the PRA indicated that it expects firms to integrate climate related financial risk into their existing risk management frameworks, including requirements to identify, measure, monitor, manage and report on their exposure to such risks.

The Bank of England is utilising its stress testing framework to assess the impact of climate-related risks on the UK financial system. The Bank of England announced plans to test the UK financial system's resilience to the financial risks from climate change as part of the 2021 Biennial Exploratory Scenario ("**BES**"). In December 2019, the Bank of England published a discussion paper setting out the proposal for the 2021 BES on climate-related risks. The objective of the BES is to test the resilience of the largest banks, insurers and the financial

system to different possible climate pathways and provide a comprehensive assessment of the UK financial system's exposure to climate-related risks. The deadline for responses was 18 March 2020. In June 2020, the Network for Greening the Financial System (NGFS) published a set of climate scenarios that will serve as the basis for the scenarios in the 2021 BES.

On 21 December 2020 the FCA also published a policy statement on proposals intended to enhance climate-related disclosures by listed issuers and clarify existing disclosure obligations. The changes will broadly require companies to include a statement in their annual financial reports setting out whether their disclosures are consistent with the international Financial Stability Board recommendations and explain if they have not done so. The changes apply in relation to accounting periods beginning on or after 1 January 2021.

Payment Services Regulation

Under the Payment Services Regulations 2017 (the "**PSR**"), the FCA is responsible for regulating payment services in the UK. The PSR establish an authorisation regime, requiring payment service providers (other than authorised credit institutions such as the Bank) to either be authorised or registered with the FCA. The PSR also contain certain rules about providing payment services that payment service providers must comply with, including in relation to consent for payment transactions, unauthorised or incorrectly executed transactions, liability for unauthorised payment transactions, refunds, execution of payment transactions, execution time, information to be provided to payment service users and liability of payment services providers if things go wrong. In comparison with the previous Payment Services Regulations 2007, the PSR include a requirement to grant (in certain circumstances) certain regulated third parties with access to customer accounts and information and introduce stronger customer authentication requirements and enhanced consumer protection obligations.

The Banking Reform Act required the FCA to establish a body corporate to regulate payment systems (the "**Payment Systems Regulator**"). The Payment Systems Regulator was established on 1 April 2014 and became fully operational in April 2015.

The general functions of the Payment Systems Regulator are:

(i) giving general directions;

(ii) giving general guidance; and

(iii) determining the general policy and principles by reference to which it performs particular functions.

In discharging its general functions, the Payment Systems Regulator must, so far as is reasonably possible, act in a way which advances one or more of its payment systems objectives. The Payment Systems Regulator's payment systems objectives are:

(i) to promote effective competition in the market for payment systems and the markets for services provided by payment systems;

(ii) to promote the development of, and innovation in, payment systems in the interests of those who use, or are likely to use, services provided by payment systems, with a view to improving the quality, efficiency and economy of payment systems; and

(iii) to ensure payment systems are operated and developed in a way that takes account of, and promotes, the interests of those who use, or are likely to use, services provided by payment systems.

European regulatory landscape

The UK payment services regulatory regime originated from EU law. Directive 2007/64/EC of the European Parliament and of the Council of 13 November 2007 on payment services in the internal market (the "**Payment**

Services Directive") was required to be transposed by Member States (which included the UK at the relevant time) before 1 November 2009.

In January 2016, a revised payment services directive ("**PSD II**") came into force. The aim of the directive was to take account of new types of payment services due to technological development and to harmonise the transposition of certain rules set out in the Payment Services Directive that had been transposed or applied by Member States in different ways, leading to regulatory arbitrage and legal uncertainty. A regulation on multilateral interchange fees also came into force on 9 December 2015. Taken together, these pieces of legislation are designed to (i) extend the scope of the Payment Services Directive as regards geographical scope, currencies covered and payment services regulated, (ii) limit the scope of available exemptions under the Payment Services Directive, (iii) increase consumer rights and payment security and (iv) reduce interchange fees for card payments and prohibit surcharging. PSD II is implemented in the UK by the PSR and parts of the FCA Handbook.

The European Parliament and Council have sought to create an integrated market for electronic payments in euro, with no distinction between national and cross-border payments. This single euro payments area ("**SEPA**") project aims to develop common EU-wide payment services to replace current national payment services. PSD II provides a modern legal foundation for the creation of an internal market for payments and regulations of the European Parliament and Council have been adopted with a view to furthering this aim.

Regulation (EU) No 260/2012 of the European Parliament and of the Council of 14 March 2012 establishing technical and business requirements for credit transfers and direct debits in euro and amending Regulation (EC) No 924/2009 (the "**SEPA Regulation**") lays down rules for credit transfer and direct debit transactions denominated in euro within the EU and the UK. The implementation of the SEPA Regulation was staggered. The general date by which credit transfers and direct debits were to be carried out in accordance with the SEPA Regulation was 1 February 2014. However, an amendment to the SEPA Regulation introduced a transitional period of six months to 1 August 2014 to reflect the fact that it was unlikely that all market participants would be in compliance with the SEPA Regulation by 1 February 2014. Credit transfers and direct debit transactions denominated in euro in countries outside the euro area were required to be carried out in accordance with the SEPA Regulation from 31 October 2016.

In relation to payment accounts, on 28 August 2014, the text of Directive 2014/92/EU of the European Parliament and of the Council of 23 July 2014 on the comparability of fees related to payment accounts, payment account switching and access to payment accounts with basic features (the "**Payment Accounts Directive**") was published in the Official Journal of the EU. The Payment Accounts Directive is intended to enable consumers to make informed choices when opening a payment account by improving the transparency and comparability of information on account fees, while eliminating discrimination based on residency, and to enable consumers to switch accounts more easily. The UK implemented the Payment Accounts Directive by means of the Payment Accounts Regulations 2015 (the "**PAR**"). In line with the Payment Accounts Directive, the provisions of the PAR on packaged accounts, switching and basic bank accounts took effect in the UK in September 2016. The provisions on transparency and comparability of fee information came into force on 31 October 2018.

UK ring-fencing regime

On 14 June 2012, HM Treasury issued a White Paper entitled "*Banking reform: delivering stability and supporting a sustainable economy*", on how the UK government intends to implement the measures recommended by Sir John Vickers' Independent Commission on Banking's final report of 12 September 2011. Broadly, the White Paper covers the following areas: the ring-fencing of vital banking services from international and investment banking services; measures on loss absorbency and depositor preference; and proposals for enhancing competition in the banking sector.

On 19 June 2013, the Parliamentary Commission on Banking Standards published its final report, entitled "*Changing banking for good*". This was followed by the publication of the UK government's response on 8 July 2013, accepting the overall conclusions of the report and its principal recommendations.

The UK government published the Banking Reform Bill in October 2012 but, following the Parliamentary Commission on Banking Standards' final report published in June 2013, amendments to the Banking Reform Bill were tabled. The Banking Reform Bill received Royal Assent as the Financial Services (Banking Reform) Act 2013 on 18 December 2013. Two statutory instruments – the Financial Services and Markets Act 2000 (Ring-fenced Bodies and Core Activities) Order 2014 and the Financial Services and Markets Act 2000 (Excluded Activities and Prohibitions) Order 2014 – were enacted in July 2014 pursuant to HM Treasury's powers under the Banking Reform Act, and HM Treasury also exercised those powers to enact the Financial Services and Markets Act 2000 (Banking Reform) (Pensions) Regulations 2015 in March 2015.

This legislation, taken as a whole, mandates the 'ring-fencing' of certain core activities and services relating to the regulated activity of accepting deposits by a UK institution. Entities that meet the threshold for the UK ring-fencing regime (£25 billion of deposits, excluding deposits from financial institutions and certain corporates and high net worth individuals that "opt out") are required to separate the core activity of accepting deposits, together with the core services associated with that activity, into a separate ring-fenced body (an "**RFB**"). The legislation also prohibits an RFB from undertaking certain excluded activities, namely dealing in investments as principal and dealing in commodities. RFBs are also subject to certain prohibitions, which include prohibitions on incurring exposures to certain types of financial institutions, and on having branches or subsidiaries outside of the UK in non-EEA Member States. The excluded activities and prohibitions are subject in each case to limited exceptions.

In addition to the primary and secondary ring-fencing legislation, the PRA published Policy Statement PS20/16 in July 2016 setting out ring-fencing rules that govern the relationship between the RFB and the rest of its group, including entities that carry out excluded activities and activities that the RFB is prohibited from undertaking (such entities being non-ring-fenced bodies, or "**NRFBs**"). These ring-fencing rules address areas such as the legal structure of the RFB sub-group, governance arrangements for RFBs, prudential requirements and requirements for intra-group transactions and distributions. The rules came into effect on 1 January 2019.

In March 2016 the PRA and the FCA issued guidance on the use of ring-fencing transfer schemes under Part VII of the FSMA, which are a form of statutory transfer mechanism to enable banking groups to reorganise their businesses so as to comply with the ring-fencing regime. Also in March 2016 the FCA published Policy Statement PS16/9 on the disclosures required to be made by NRFBs to individuals that opt to place deposits with such entities.

Banks that fall within the scope of this legislation were expected to have implemented all relevant reforms by 1 January 2019 at the latest (other than in respect of pension arrangements, for which the deadline for implementing changes was 1 January 2026). The Group is within the scope of application of the ring fencing obligations. In its business plan for 2018/19, published in April 2018, the PRA stated that "in the coming year" it would begin a programme of activities to test the effectiveness of the arrangements put in place by banks to meet their ring-fencing obligations. This will include an examination of the policies, governance and control arrangements. HM Treasury has appointed an independent panel to review the operation of the ring-fencing regime. The Terms of Business of the independent panel published on 2 February 2021 state that the panel should aim to finalise its written report to HM Treasury within one year of the beginning of the reviews.

FSCS – UK Deposit Guarantee Scheme

The EU DGSD required EU Member States and the UK to introduce at least one deposit guarantee scheme by 1 July 1995. Directive 2009/14/EC, amending Directive 94/19/EC, required Member States to set the minimum level of compensation for deposits, for firms declared in default on or after 1 January 2011, at €100,000.

The recast EU DGSD was published in the Official Journal of the EU on 12 June 2014 and Member States had until 3 July 2015 to transpose the majority of the EU DGSD into national law. The changes included restricting the definition of "deposit", excluding deposits made by certain financial institutions and certain public authorities, reducing time limits for payments of verified claims by depositors and provisions on how deposit guarantee schemes should be funded. In addition, the recast EU DGSD sought to harmonise eligibility for protection (including an extension of scope to protect deposits of most companies, whatever their size) and allows for temporary increases in the coverage level in relation to deposits arising from certain events, such as the sale of a private residential property. The EU DGSD requirements were implemented in the UK before the UK's exit from the EU, with further clarification provided through The Deposit Guarantee Scheme and Miscellaneous Provisions (Amendment) (EU Exit) Regulations 2018.

The UK deposit scheme is the FSCS which was established under FSMA. It pays compensation to eligible customers of authorised financial services firms which are unable, or are likely to be unable, to pay claims against them. There are different compensation limits for different categories of claim. For example, the limits are: (i) for claims against firms that failed on or after 1 January 2017, for deposits, 100 per cent. of the first £85,000; (ii) for claims for mortgage advice and arranging against firms that failed on or between 1 January 2010 and 31 March 2019, up to £50,000, and against firms that failed on or after 1 April 2019, up to £85,000; (iii) for claims against firms that failed on or after 3 July 2015, for insurance, 100 per cent. of cover for all long-term policies, for professional indemnity insurance and claims arising from death or incapacity; and (iv) for claims against debt management firms that failed on or after 1 April 2019, up to £85,000. The FSCS pays compensation for financial loss and the actual compensation a customer will receive depends on the basis of their claim. Compensation limits are per person, per firm and per type of claim.

Competition regulation

The Group is subject to EU and UK competition laws, which are enforced by a number of competition regulators, including the CMA, sector regulators and the European Commission. In its market investigation into retail banking (the final report in relation to which was published in 2016) the CMA identified several adverse effects on competition and announced a package of reforms designed to address these, including requiring certain banks to adopt and maintain an open application programming interface (API) standard, to publish certain information on their services and to send certain information to customers. The Retail Banking Market Investigation Order 2017 (the "**CMA Order 2017**") formally implements these reforms, which have been introduced according to the timetable set out in the CMA Order 2017. The Group is subject to, and has implemented the CMA Order 2017.

Both the FCA and the payment systems regulator have concurrent powers with the CMA to enforce competition rules in the UK insofar as they relate to the provision of financial services and participation in payment systems, respectively.

The FCA routinely undertakes studies, inquiries and investigations on the banking and insurance sector market (including studies in respect of mortgages, overdrafts, high cost credit and the retail banking business model).

In 2016, the FCA issued a call for input on high-cost credit and review of the high-cost short-term credit ("**HCSTC**") price cap in 2016. The FCA decided to maintain the HCSTC price cap, with a commitment to review the level within three years (by July 2020), and continued to review both sector-wide issues and concerns about certain products (rent-to-own, home-collected credit and catalogue credit). In relation to overdrafts, the FCA introduced significant reforms to its rules in June 2019 and published a policy statement on overdraft pricing and competition remedies in October 2019. The new rules on overdraft pricing and competition remedies came into force on 6 April 2020. In July 2019, the FCA and the CMA entered into memoranda of understanding in relation to consumer protection and competition powers.

While the outcome of such initiative and studies and the scope any future initiatives and/or studies is inherently uncertain, they may ultimately result in the application of behavioural and/or structural remedies by the regulator.

Other relevant legislation and regulation

The UK Money Laundering, Terrorist Financing and Transfer of Funds (Information on Payer) Regulations 2017 as amended by the Money Laundering and Terrorist Financing (Amendment) Regulations 2019 place a requirement on the Bank to verify the identity and address of customers opening accounts with it, and to keep records to help prevent money laundering and fraud. In addition, the Proceeds of Crime Act 2002, Terrorism Act 2000, Counter-Terrorism Act 2008 and Terrorist Asset-Freezing etc. Act 2010 collectively contain requirements and offences in relation to money laundering and the financing of terrorism that are applicable to the Bank. There may be further changes to the regulatory environment following the UK's withdrawal from the EU. Guidance to support the application of the Bank's anti-money laundering and counter ¬terrorist financing obligations is produced by the Joint Money Laundering Steering Group, which comprises UK trade associations in the financial services industry.

The Bribery Act 2010 contains offences relating to bribing another person, being bribed and bribing foreign public officials. It also contains an offence for commercial organisations of failing to prevent bribery. The Ministry of Justice has published guidance about procedures which commercial organisations can put into place to help prevent against persons associated with them engaging in such activity.

Where personal data (for example names, addresses, email addresses) is processed (which includes collection), the General Data Protection and Regulation, as it forms part of domestic law by virtue of the EUWA, and the Data Protection Act 2018 will apply to the Bank. In addition, the e-Privacy Directive and the Privacy and Electronic Communications Regulations also provide individuals further privacy rights in relation to electronic communications. The UK Unfair Terms in Consumer Contracts Regulations 1999 (together with, insofar as applicable, the Unfair Terms in Consumer Contracts Regulations 1994) apply to consumer contracts entered into on or after 1 July 1995 and prior to 1 October 2015. Contracts entered into on or after 1 October 2015 are governed by the Consumer Rights Act 2015. The main effect of these pieces of legislation is that a contract term which is "unfair" will not be enforceable against a consumer. This applies to, among other things, mortgages and related products and services.

For the financial services regulatory risks relating to the Company and the Bank's business, please see "*Risk Factors – Risks relating to the regulatory environment in which the Group operates*".

TAXATION

General

The comments below are of a general nature and are not intended to be exhaustive. They assume that there will be no substitution of the relevant Issuer and do not address the consequences of any such substitution (notwithstanding that such substitution may be permitted by the terms and conditions of the Notes). Any Noteholders or Couponholders who are in doubt as to their own tax position should consult their professional advisers. In particular, each Noteholder and Couponholder should be aware that the tax legislation of any jurisdiction where they are resident or otherwise subject to taxation (as well as the United Kingdom) may have an impact on the tax consequences of an investment in the Notes or the Coupons including in respect of any income received from the Notes or the Coupons.

United Kingdom

The comments in this part are based on current United Kingdom tax law as applied in England and Wales and HM Revenue & Customs practice (which may not be binding on HM Revenue & Customs), in each case as of the latest practicable date before the date of this Base Prospectus, relating only to the United Kingdom withholding tax treatment of payments of interest.

References in this part to "interest" shall mean amounts that are treated as interest for the purposes of United Kingdom taxation.

Interest on the Notes

While the Notes are and continue to be listed on a recognised stock exchange, within the meaning of Section 1005 ITA 2007, payments of interest by the relevant Issuer may be made without withholding or deduction for or on account of United Kingdom income tax. The London Stock Exchange is a recognised stock exchange for these purposes. Securities will be treated as listed on the London Stock Exchange if they are included in the Official List of the Financial Conduct Authority and are admitted to trading on the London Stock Exchange.

Payments of interest by the Bank may also be made without withholding or deduction for or on account of United Kingdom income tax provided that the Bank is and continues to be a bank within the meaning of Section 991 of the Income Tax Act 2007 and the interest on the Notes is paid in the ordinary course of its business within the meaning of Section 878 of the Income Tax Act 2007.

In all other cases, interest which has a United Kingdom source will generally be paid by the relevant Issuer under deduction of United Kingdom income tax at the basic rate (currently 20 per cent.), unless: (i) another relief applies under domestic law; or (ii) the relevant Issuer has received a direction to the contrary from HM Revenue & Customs in respect of such relief as may be available pursuant to the provisions of any applicable double taxation treaty.

The U.S. Foreign Account Tax Compliance Act ("FATCA")

Pursuant to certain provisions of the U.S. Internal Revenue Code of 1986, commonly known as FATCA, a "foreign financial institution" may be required to withhold on certain payments it makes ("**foreign passthru payments**") to persons that fail to meet certain certification, reporting, or related requirements. Each of the Issuers is a foreign financial institution for these purposes.

A number of jurisdictions (including the United Kingdom) have entered into, or have agreed in substance to, intergovernmental agreements with the United States to implement FATCA ("**IGAs**"), which modify the way in which FATCA applies in their jurisdictions. Certain aspects of the application of the FATCA provisions and

IGAs to instruments such as the Notes, including whether withholding would ever be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Notes, are uncertain and may be subject to change.

Even if withholding would be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Notes, proposed regulations have been issued that provide that such withholding would not apply prior to the date that is two years after the date on which final regulations defining foreign passthru payments are published in the U.S. Federal Register. In the preamble to the proposed regulations, the U.S. Treasury Department indicated that taxpayers may rely on these proposed regulations until the issuance of final regulations. Holders should consult their own tax advisers regarding how these rules may apply to their investment in the Notes. In the event any withholding would be required pursuant to FATCA or an IGA with respect to payments on the Notes, no person will be required to pay additional amounts as a result of the withholding.

SUBSCRIPTION AND SALE

Notes may be sold from time to time by the relevant Issuer to Lloyds Bank Corporate Markets plc (the "**Arranger**"), or such other dealers as may be appointed either generally in respect of the Programme or in relation to a particular Tranche of Notes (together, the "**Dealers**"). The arrangements under which Notes may from time to time be agreed to be sold by the relevant Issuer to, and purchased by, the Dealers are set out in a programme agreement dated 18 March 2021 (as amended or restated from time to time, the "**Programme Agreement**") and made between the Issuers and the Arranger. Any such agreement will, *inter alia*, make provision for the form and terms and conditions of the relevant Notes, the price at which such Notes will be purchased by the Dealers and the commissions or other agreed deductibles (if any) payable or allowable by the relevant Issuer in respect of such purchase. The Programme Agreement makes provision for the resignation or termination of appointment of existing Dealers and for the appointment of additional or other Dealers either generally in respect of the Programme or in relation to a particular Tranche of Notes. The Notes may also be issued by the relevant Issuer through all or any of the Dealers acting as agents or without any involvement of the Dealers.

The relevant Issuer has agreed to indemnify the Dealers against certain liabilities in connection with the offer and sale of the Notes. The Programme Agreement may be terminated in relation to all or any of the Dealers by the Issuers or, in relation to itself and the Issuers by any Dealer, at any time on giving not less than 30 days' written notice.

United States of America

This Base Prospectus has been prepared by each Issuer for use in connection with the offer and sale of the Notes outside the United States (and if Category 2 is specified as applicable in the relevant Final Terms, to non-U.S. persons only) in reliance on Regulation S. Each Issuer and the Dealers reserve the right to reject any offer to purchase the Notes, in whole or in part, for any reason. This Base Prospectus does not constitute an offer to any person in the United States.

Regulation S – Category 1

The following applies when Category 1 is specified in the relevant Final Terms as being applicable in relation to any Notes.

The Notes have not been and will not be registered under the Securities Act and, subject to certain exceptions, may not be offered or sold within the United States.

The Notes are being offered and sold outside of the United States in reliance on Regulation S.

In addition, until 40 days after the commencement of the offering of the Notes, an offer or sale of the Notes within the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act.

Regulation S – Category 2

The following applies when Category 2 is specified in the relevant Final Terms as being applicable in relation to any Notes.

The Notes have not been and will not be registered under the Securities Act or with any securities regulatory authority of any state or other jurisdiction of the United States. The Notes may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in certain transactions exempt from, or not subject to, the registration requirements of the Securities Act. Until 40 days after the commencement of the offering of any identifiable Tranche of Notes, an offer or sale of Notes within the United States by any dealer

(whether or not participating in the offering of such Trance of Notes) may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in accordance with an available exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S.

TEFRA

Bearer Notes are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a United States person, except in certain transactions permitted by U.S. tax regulations. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code of 1986 and regulations promulgated thereunder.

TEFRA D or TEFRA C apply if specified in the relevant Final Terms.

When the rules under TEFRA D are specified in the relevant Final Terms as being applicable in relation to any Notes, the Arranger (in its capacity as a Dealer) has represented and agreed (and each additional Dealer named in the Final Terms will be required to represent and agree) that in addition to the relevant U.S. Selling Restrictions set forth below:

(a) except to the extent permitted under TEFRA D, (a) it has not offered or sold, and during the restricted period it will not offer or sell, Notes in bearer form to a person who is within the United States or its possessions or to a U.S. person, and (b) it has not delivered and agrees that it will not deliver within the United States or its possessions definitive Notes that are sold during the restricted period;

(b) it has and throughout the restricted period it will have in effect procedures reasonably designed to ensure that its employees or agents who are directly engaged in selling Notes are aware that such Notes may not be offered or sold during the restricted period to a person who is within the United States or its possessions or to a U.S. person (except to the extent permitted under TEFRA D);

(c) if it is a U.S. person, it is acquiring the Notes in bearer form for purposes of resale in connection with their original issuance, and if it retains Notes in bearer form for its own account, it will do so in accordance with the requirements of TEFRA D;

(d) with respect to each affiliate or distributor that acquires Notes in bearer form from the Dealer for the purpose of offering or selling such Notes during the restricted period, the Dealer either repeats and confirms the representations and agreements contained in paragraphs (a), (b) and (c) above on such affiliate's or distributor's behalf or agrees that it will obtain from such distributor for the benefit of the relevant Issuer the representations and agreements contained in such paragraphs; and

(e) it shall obtain for the benefit of the relevant Issuer the representations, undertakings and agreements contained in paragraphs (a), (b), (c) and (d) above from any person other than its affiliate with whom it enters into a written contract, (a "**distributor**" as defined in U.S. Treasury Regulation section 1.163-5(c)(2)(i)(D)(4) (or a successor provision)), for the offer or sale during the restricted period of the Notes.

Terms used in paragraphs (a) through (e) above shall have the meanings given to them by the Internal Revenue Code of 1986, as amended, and the regulations promulgated thereunder, including TEFRA D.

Where the rules under TEFRA C are specified in the relevant Final Terms as being applicable in relation to any Notes, the Notes must, in accordance with their original issuance, be issued and delivered outside the United States and its possessions and, accordingly, the Arranger (in its capacity as a Dealer) has represented and agreed (and each additional Dealer named in the Final Terms will be required to represent and agree) that, in connection with the original issuance of the Notes:

(a) it has not offered, sold or delivered, and will not offer, sell or deliver, directly or indirectly, any Notes within the United States or its possessions; and

(b) it has not communicated, and will not communicate, directly or indirectly, with a prospective purchaser if such Dealer or such prospective purchaser is within the United States or its possessions and will not otherwise involve the United States office of such Dealer in the offer and sale of Notes.

Terms used in paragraphs (a) and (b) above shall have the meanings given to them by the Internal Revenue Code of 1986, as amended, and the regulations promulgated thereunder, including TEFRA C.

In addition, until 40 days after the commencement of the offering of any identifiable Tranche of Notes, an offer or sale of Notes within the United States by any dealer (whether or not participating in the offering of such Tranche of Notes) may violate the registration requirements of the Securities Act.

This Base Prospectus has been prepared by the Issuers for use in connection with the offer and sale of the Notes outside the United States. The Issuers and the Dealers reserve the right to reject any offer to purchase the Notes, in whole or in part, for any reason. This Base Prospectus does not constitute an offer to any person in the United States (as defined in Regulation S).

In addition to the foregoing, if Category 2 is specified as applicable in the relevant Final Terms:

(a) the Notes have not been and will not be registered under the Securities Act and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S), except in certain transactions exempt from, or not subject to, the registration requirements of the Securities Act; and

(b) the Arranger (in its capacity as a Dealer) has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it will not offer, sell or deliver Notes (i) as part of their distribution at any time or (ii) otherwise until 40 days after the completion of the distribution of all Notes of the Tranche of which such Notes are a part, within the United States or to, or for the account or benefit of, U.S. persons. The Arranger (in its capacity as a Dealer) has further agreed, and each further Dealer appointed under the Programme will be required to agree, that it will send to each dealer to which it sells any Notes during the distribution compliance period a confirmation or other notice setting forth the restrictions on offers and sales of the Notes within the United States or to, or for the account or benefit of, U.S. persons. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

Prohibition of Sales to EEA Retail Investors

Unless the Final Terms in respect of any Notes specifies the "Prohibition of Sales to EEA Retail Investors" as "Not Applicable", the Arranger (in its capacity as a Dealer) has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes which are the subject of the offering contemplated by this Base Prospectus as completed by the Final Terms in relation thereto to any retail investor in the European Economic Area. For the purposes of this provision, the expression "retail investor" means a person who is one (or more) of the following:

(a) a retail client as defined in point (11) of Article 4(1) of MiFID II; or

(b) a customer within the meaning of the Insurance Distribution Directive, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II.

United Kingdom

Prohibition of Sales to UK Retail Investors

Unless the Final Terms in respect of any Notes specifies the "Prohibition of Sales to UK Retail Investors" as "Not Applicable", the Arranger (in its capacity as a Dealer) has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes which are the subject of the offering contemplated by this Base Prospectus as completed by the Final Terms in relation thereto to any retail investor in the United Kingdom. For the purposes of this provision, the expression "retail investor" means a person who is one (or more) of the following:

(c) a retail client as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the EUWA; or

(d) a customer within the meaning of the provisions of the FSMA and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA.

Other United Kingdom regulatory restrictions

The Arranger (in its capacity as a Dealer) has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that:

(a) ***Maturity:*** in relation to any Notes which are issued by the Company and which have a maturity of less than one year, (i) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business and (ii) it has not offered or sold and will not offer or sell any Notes other than to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or as agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses where the issue of the Notes would otherwise constitute a contravention of Section 19 of the FSMA by the Company;

(b) ***Financial promotion***: it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of any Notes in circumstances in which Section 21(1) of the FSMA does not (where the Relevant Issuer is the Company) or (where the relevant Issuer is the Bank) would not, if the Bank was not an authorised person, apply to the relevant Issuer; and

(c) ***General compliance***: it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Notes in, from or otherwise involving the United Kingdom.

France

The Arranger (in its capacity as a Dealer) has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has only offered or sold and will only offer or sell, directly or indirectly, any Notes in France to, and it has only distributed or caused to be distributed and will

only distribute or cause to be distributed in France, this Base Prospectus, the relevant Final Terms or any other offering material relating to the Notes to qualified investors as defined in Article 2(e) of Regulation (EU) 2017/1129, as amended.

Belgium

Other than in respect of Notes for which "Prohibition of Sales to Belgian Consumers" is specified as "Not Applicable" in the relevant Final Terms, the Arranger (in its capacity as a Dealer) has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that an offering of Notes may not be advertised to any individual in Belgium qualifying as a consumer within the meaning of Article I.1 of the Belgian Code of Economic Law, as amended from time to time (a "**Belgian Consumer**") and that it has not offered, sold or resold, transferred or delivered, and will not offer, sell, resell, transfer or deliver, the Notes, and that it has not distributed, and will not distribute, any prospectus, memorandum, information circular, brochure or any similar documents in relation to the Notes, directly or indirectly, to any Belgian Consumer.

Hong Kong

The Arranger (in its capacity as a Dealer) has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that:

(a) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any Notes except for Notes which are a "structured product" as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong (the "**SFO**") other than (a) to "professional investors" as defined in the SFO and any rules made under the SFO; or (b) in other circumstances which do not result in the document being a "prospectus" as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong (the "**C(WUMP)O**") or which do not constitute an offer to the public within the meaning of the C(WUMP)O; and

(b) it has not issued or had in its possession for the purposes of issue, and will not issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Notes, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Notes which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" as defined in the SFO and any rules made under the SFO.

Singapore

The Arranger (in its capacity as a Dealer) has acknowledged, and each further Dealer appointed under the Programme will be required to acknowledge, that this Base Prospectus has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, the Arranger (in its capacity as a Dealer) has represented, warranted and agreed, and each further Dealer appointed under the Programme will be required to represent, represent and agree, that it has not offered or sold any Notes or caused the Notes to be made the subject of an invitation for subscription or purchase and will not offer or sell any Notes or cause the Notes to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, this Base Prospectus or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Notes, whether directly or indirectly, to any person in Singapore other than (i) to an institutional investor (as defined in Section 4A of the SFA pursuant to Section 274 of the SFA, (ii) to a relevant person (as defined in Section 275(2) of the SFA) pursuant to Section 275(1)

of the SFA, or any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA, or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the Notes are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

(a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or

(b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

securities or securities-based derivatives contracts (each term as defined in Section 2(1) of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Notes pursuant to an offer made under Section 275 of the SFA except:

(i) to an institutional investor or to a relevant person, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA;

(ii) where no consideration is or will be given for the transfer;

(iii) where the transfer is by operation of law;

(iv) as specified in Section 276(7) of the SFA; or

(v) as specified in Regulation 37A of the Securities and Futures (Offers of Investments) (Securities and Securities-based Derivatives Contracts) Regulations 2018 of Singapore.

Japan

The Notes have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended, the "**Financial Instruments and Exchange Act**"). Accordingly, the Arranger (in its capacity as a Dealer) has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it will not, directly or indirectly, offer or sell any Notes in Japan or to, or for the benefit of, any resident of Japan (as defined under Item 5, Paragraph 1, Article 6 of the Foreign Exchange and Foreign Trade Act (Act No. 228 of 1949, as amended)) or to others for re-offering or resale, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the Financial Instruments and Exchange Act and other applicable laws, regulations and ministerial guidelines of Japan.

General

The Arranger (in its capacity as a Dealer) has agreed, and each further Dealer appointed under the Programme will be required to agree, that it will comply with all applicable securities laws and regulations in force in any jurisdiction in which it purchases, offers, sells or delivers the Notes or possesses or distributes this Base Prospectus and will obtain any consent, approval or permission required by it for the purchase, offer, sale or delivery by it of the Notes under the laws and regulations or directives in force in any jurisdiction to which it is subject or in which it makes such purchases, offers, sales or deliveries. Furthermore, it and they will not directly or indirectly offer, sell or deliver any Notes or distribute or publish any form of application, prospectus, advertisement or other offering material except under circumstances that will, to the best of its and their (as the

case may be) knowledge and belief, result in compliance with any applicable laws and regulations, and all offers, sales and deliveries of Notes by it or by them will be made on the same terms.

None of the Issuers, the Trustee, the Arranger or any of the Dealers has represented that Notes may at any time lawfully be sold in compliance with any applicable registration or other requirements in any jurisdiction, or pursuant to any exemption available thereunder, or assumes any responsibility for facilitating such sale.

Each Dealer will, unless prohibited by applicable law, furnish to each person to whom they offer or sell the Notes a copy of this Base Prospectus as then amended or supplemented or, unless delivery of this Base Prospectus is required by applicable law, inform each such person that a copy will be made available upon request. The Dealers are not authorised to give any information or to make any representation not contained in this Base Prospectus in connection with the offer and sale of the Notes to which this Base Prospectus relates.

With the exception of the approval by the FCA of this Base Prospectus as a base prospectus issued in compliance with the UK Prospectus Regulation, no representation is made that any action has been or will be taken in any country or jurisdiction by the Issuers or the Dealers that would permit a public offering of Notes, or possession or distribution of any offering material in relation thereto, in any country or jurisdiction where action for that purpose is required. Persons into whose hands the Base Prospectus or any Final Terms comes are required by the Issuers and the Dealers to comply with all applicable laws and regulations in each country or jurisdiction in or from which they purchase, offer, sell or deliver Notes or have in their possession, or distribute such offering material, in all cases at their own expense.

Selling restrictions may be supplemented or modified with the agreement of the Issuers. Any such supplement or modification will be set out in the relevant Final Terms (in the case of a supplement or modification relevant only to a particular Series of Notes) or (in any other case) in a supplement to the Base Prospectus.

Each Issuer has given an undertaking to the Dealers in connection with the listing of any Notes on the Official List to the effect that if after preparation of the Base Prospectus for submission to the FCA it becomes aware that there is a significant new factor, material mistake or material inaccuracy relating to the information contained in the Base Prospectus published in connection with the admission of any of the Notes to the Official List, it shall publish a supplement to the Base Prospectus (following consultation with the Dealers) as may be required by the FCA, under Article 23 of the UK Prospectus Regulation or by the UK Prospectus Regulation Rules made by the FCA and shall otherwise comply with Article 23 of the UK Prospectus Regulation and the UK Prospectus Regulation Rules in that regard and shall supply to each Dealer such number of copies of the supplement to the Base Prospectus as it may reasonably request.

GENERAL INFORMATION

Authorisation

1. The establishment of the Programme and issue of Notes was authorised by a resolution of the Board of Directors of each Issuer on 26 November 2019. Each of the Issuers has obtained all necessary consents, approvals and authorisations in connection with the update of the Programme and each Issuer will obtain from time to time all necessary consents, approvals and authorisations in connection with the issue and performance of the Notes.

2. The price of a Series of Notes on the price list of the Market will be expressed as a percentage of their principal amount (exclusive of accrued interest, if any). The listing of the Programme on the Market is expected to be granted on or around 18 March 2021 for a period of 12 months. Any Series of Notes intended to be admitted to trading on the Market will be so admitted to trading upon submission to the Market of the relevant Final Terms and any other information required by the Market, subject to the issue of the Global Note or Global Certificate initially representing the Notes of that Series. If such Global Note or Global Certificate is not issued, the issue of such Notes may be cancelled. Prior to admission to trading, dealings in the Notes of the relevant Series will be permitted by the Market in accordance with its rules.

Legal Proceedings

3. Save as disclosed in the risk factor entitled "*The Group faces risks associated with its operations' compliance with a wide range of laws and regulations*" on pages 25 to 27 of this Base Prospectus, there are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened, of which the Company is aware), which may have, or have had during the 12 months prior to the date of this Base Prospectus, significant effects on the financial position or profitability of the Company or the Group.

4. Save as disclosed in the risk factor entitled "*The Group faces risks associated with its operations' compliance with a wide range of laws and regulations*" on pages 25 to 27 of this Base Prospectus, there are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened, of which the Bank is aware), which may have, or have had during the 12 months prior to the date of this Base Prospectus, significant effects on the financial position or profitability of the Bank or the Bank Group.

Significant/Material Change

5. There has been no significant change in the financial performance or financial position of the Group since 31 December 2020, being the date of the Company's last published consolidated financial information. There has been no material adverse change in the prospects of the Company since 31 December 2020, the date for which the Company last published audited financial statements.

6. There has been no significant change in the financial performance or financial position of the Bank Group since 31 December 2020, being the date of the Bank's last published consolidated financial information. There has been no material adverse change in the prospects of the Bank since 31 December 2020, the date for which the Bank last published audited financial statements.

Auditors

7. The financial statements of each of the Issuers for the financial periods ended 31 December 2019 and 31 December 2020 have been audited in accordance with International Standards on Auditing (UK) and applicable law and have been reported on without qualification by PricewaterhouseCoopers LLP and KPMG LLP, respectively.

   PricewaterhouseCoopers LLP is a member of the Institute of Chartered Accountants in England and Wales.

   KPMG LLP replaced PricewaterhouseCoopers LLP as auditors for each of the Issuers for the financial period ended 31 December 2020.

   KPMG LLP is a member of the Institute of Chartered Accountants in England and Wales and is the auditor appointed by each of the Issuers for the purposes of auditing its financial statements.

8. **Documents on Display**

   The website of the Company and the Group is https://www.tsb.co.uk/. No information on such website forms part of this Base Prospectus, except where that information has been incorporated by reference into this Base Prospectus.

   Copies of the following documents will be available on the Company's website at https://www.tsb.co.uk/investors/debt-investors/ for 12 months from the date of this Base Prospectus:

   (a) the Trust Deed (which contains the forms of Notes in global and definitive form);

   (b) the Company's Financial Statements and the Bank's Financial Statements;

   (c) the current Base Prospectus in respect of the Programme;

   (d) the 2020 Conditions;

   (e) any supplement or drawdown prospectus published since the most recent base prospectus was published and any documents incorporated therein by reference;

   (f) any Final Terms issued in respect of Notes admitted to listing and/or trading by the listing authority and/or stock exchange since the most recent base prospectus was published; and

   (g) the Memorandum and Articles of Association of each of the Company and the Bank.

   This Base Prospectus will be published on the website of the Regulatory News Service operated by the London Stock Exchange at http://www.londonstockexchange.com/exchange/news/market-news/market-news-home.html

Clearing of the Notes

9. The Notes have been accepted for clearance through the Clearstream, Luxembourg and Euroclear systems (which are entities in charge of keeping the records). The common code for each Series of Notes allocated by Clearstream, Luxembourg and Euroclear will be contained in the relevant Final Terms, along with the International Securities Identification Number (ISIN) for that Series. The relevant Final Terms shall specify any other clearing system as shall have accepted the relevant Notes for clearance together with any further appropriate information.

   The address of Euroclear is 1 Boulevard du Roi Albert II, B-1210 Brussels, Belgium and the address of Clearstream, Luxembourg is 42, Avenue J.F. Kennedy, L-1855 Luxembourg.

Neither Issuer intends to provide any post-issuance information in relation to any issues of Notes.

10. The following legend will appear on all Permanent Global Notes with maturities of more than 365 days and on all Definitive Notes, Coupons and Talons: "*Any United States person who holds this obligation will be subject to limitations under the United States income tax laws, including the limitations provided in sections 165(j) and 1287(a) of the Internal Revenue Code*".

Issue Price and Yield

11. Notes may be issued at any price. The issue price of each Tranche of Notes to be issued under the Programme will be determined by the relevant Issuer and the relevant Dealer(s) at the time of issue in accordance with prevailing market conditions. In the case of different Tranches of a Series of Notes, the purchase price may include accrued interest in respect of the period from the interest commencement date of the relevant Tranche (which may be the issue date of the first Tranche of the Series or, if interest payment dates have already passed, the most recent interest payment date in respect of the Series) to the issue date of the relevant Tranche. An indication of the yield of each Tranche of Fixed Rate Notes will be set out in the relevant Final Terms and will be calculated as of the relevant issue date on an annual or semi-annual basis using the relevant issue price. It is not an indication of future yield.

Dealers Transacting with the Issuers

12. Certain of the Dealers and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform services for, the Issuers and their affiliates in the ordinary course of business. They have received, or may in the future receive, customary fees and commissions for these transactions. Certain of the Dealers and their affiliates may have positions, deal or make markets in the Notes issued under the Programme, related derivatives and reference obligations, including (but not limited to) entering into hedging strategies on behalf of the Issuers and their affiliates, investor clients, or as principal in order to manage their exposure, their general market risk, or other trading activities. In addition, in the ordinary course of their business activities, the Dealers and their affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of the Issuers or the Issuers' affiliates. Certain of the Dealers or their affiliates that have a lending relationship with the Issuers routinely hedge their credit exposure to the Issuers consistent with their customary risk management policies. Typically, such Dealers and their affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in securities, including potentially the Notes issued under the Programme. Any such positions could adversely affect future trading prices of Notes issued under the Programme. The Dealers and their affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

ISSUERS

TSB Banking Group plc
20 Gresham Street
London EC2V 7JE
United Kingdom

TSB Bank plc
Henry Duncan House, 120 George Street
Edinburgh EH2 4LH
United Kingdom

TRUSTEE

Citicorp Trustee Company Limited
Citigroup Centre, 25 Canada Square
Canary Wharf
London E14 5LB
United Kingdom

PRINCIPAL PAYING AGENT, CALCULATION AGENT AND TRANSFER AGENT

Citibank, N.A., London Branch
Citigroup Centre, 25 Canada Square
Canary Wharf
London E14 5LB
United Kingdom

REGISTRAR

Citibank, N.A., London Branch
Citigroup Centre, 25 Canada Square
Canary Wharf
London E14 5LB
United Kingdom

ARRANGER AND DEALER

Lloyds Bank Corporate Markets plc
10 Gresham Street
London EC2V 7AE
United Kingdom

LEGAL ADVISERS

To the Issuers as to English Law:

Linklaters LLP
One Silk Street
London EC2Y 8HQ
United Kingdom

To the Issuers as to Scots Law:

CMS Cameron McKenna
Saltire Court
20 Castle Terrace
Edinburgh EH1 2EN
Scotland

To the Dealers and the Trustee as to English Law:

Allen & Overy LLP
One Bishops Square
London E1 6AD
United Kingdom

AUDITORS OF THE ISSUERS

KPMG LLP
15 Canada Square
London
E14 5GL