

**CONFORMED COPY**

**AMENDED AND RESTATED TRUST DEED**

**DATED 26 APRIL 2023**

**PRINCIPALITY BUILDING SOCIETY**

**and**

**HSBC CORPORATE TRUSTEE COMPANY (UK) LIMITED**

**relating to**  
**Principality Building Society**  
**£1,000,000,000**  
**(Excluding Deposit Notes)**  
**Euro Medium Term Note Programme**  
**arranged by**  
**HSBC Bank plc**

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**ALLEN & OVERY**

**Allen & Overy LLP**

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**THIS TRUST DEED** is made on 26 April 2023

**BETWEEN:**

- (1) **PRINCIPALITY BUILDING SOCIETY** (the **Issuer**); and
- (2) **HSBC CORPORATE TRUSTEE COMPANY (UK) LIMITED** (the **Trustee**, which expression, where the context so admits, includes any other trustee for the time being of this Trust Deed).

**WHEREAS:**

- (A) The Issuer and HSBC Corporate Trustee Company (UK) Limited (the **Original Trustee**) entered into an amended and restated trust deed on 17 April 2019 (as amended, restated and/or supplemented from time to time, the **Original Trust Deed**) to record the arrangements between them in relation to the Issuer's programme (the **Programme**) for the issue from time to time of euro medium term notes in an aggregate nominal amount outstanding at any one time not exceeding the Programme Limit (excluding Deposit Notes) in accordance with the Amended and Restated Dealer Agreement dated 28 April 2011 and to be constituted under the Original Trust Deed.
- (B) The Issuer and the Trustee have agreed to amend and restate the Original Trust Deed with effect from the date hereof in respect of Notes issued on or after the date hereof, on the following terms and conditions. Notes issued prior to the date hereof (and any Notes issued on or after the date hereof which are consolidated and form a single Series with any Notes the first Tranche of which was issued prior to the date hereof) will continue to be constituted by and subject to the Original Trust Deed in force at the time of issue of such Notes (or, as the case may be, such first Tranche).
- (C) All references in the Agency Agreement to the **Trust Deed** shall, from the date hereof, be construed as references to this Trust Deed.

**THIS DEED** witnesses and it is declared as follows:

**1. INTERPRETATION**

**1.1 Definitions**

Expressions defined in the Conditions and not herein have the meanings given to them in the Conditions. The following expressions have the following meanings:

**Act** means the Building Societies Act 1986 and includes, where applicable, any statutory modification or re-enactment or any statutory instrument, order or regulations made thereunder or under any such statutory modification or re-enactment;

**Agency Agreement** means the amended and restated agency agreement dated 26 April 2023 (as amended, restated and/or supplemented from time to time) relating to the Programme between the Issuer, the Trustee, HSBC Bank plc as initial Issuing and Paying Agent and the other agents mentioned in it;

**Agents** means the Issuing and Paying Agent, the other Paying Agents, the Calculation Agent, the Registrar, the other Transfer Agents or any of them;

**Auditors** means the auditors for the time being of the Issuer or, if they are unable or unwilling to carry out any action requested of them under this Trust Deed, such other firm of accountants as may be nominated or approved in writing by the Trustee for the purpose;

**Authorised Person** means any director of the Issuer and any other person for the time being notified in writing by the Issuer to the Trustee as being authorised to sign any Notes or Certificates to be issued under the Programme or any certificates or reports for the purpose of this Trust Deed;

**Bearer Note** means a Note that is in bearer form, and includes any replacement Bearer Note issued pursuant to the Conditions and any temporary Global Note or permanent Global Note;

**Calculation Agent** means any person named as such in the Conditions or any Successor Calculation Agent;

**Certificate** means a registered certificate representing one or more Registered Notes of the same Series and, save as provided in the Conditions, comprising the entire holding by a Noteholder of Registered Notes of that Series and, save in the case of Global Certificates, being substantially in the form set out in Schedule 2 Part 2;

**CGN** means a temporary Global Note in the form set out in Part 1 of Schedule 1 or a permanent Global Note in the form set out in Part 2 of Schedule 1;

**Clearstream, Luxembourg** means Clearstream Banking, S.A.;

**Code** means the US Internal Revenue Code of 1986;

**Common Safekeeper** means, in relation to a Series where the relevant Global Note is a NGN, the common safekeeper for Euroclear and Clearstream, Luxembourg appointed in respect of such Notes;

**Conditions** means in respect of the Notes of each Series the terms and conditions applicable thereto which shall be substantially in the form set out in Schedule 2 Part 2 as modified, with respect to any Notes represented by a Global Certificate or a Global Note, by the provisions of such Global Certificate or Global Note, shall incorporate any additional provisions forming part of such terms and conditions set out in Part A of the Final Terms relating to the Notes of that Series and shall be endorsed on the Definitive Notes subject to amendment and completion as referred to in the first paragraph of Schedule 2 Part 3 and any reference to a particularly numbered Condition shall be construed accordingly;

**Contractual Currency** means, in relation to any payment obligation of any Note, the currency in which that payment obligation is expressed and, in relation to Clause 10, pounds sterling or such other currency as may be agreed between the Issuer and the Trustee from time to time;

**Coupons** means the bearer coupons relating to interest bearing Bearer Notes or, as the context may require, a specific number of them and includes any replacement Coupons issued pursuant to the Conditions and which shall be substantially in the form set out in Schedule 2 Part 4;

**Dealer** has the meaning given to it in the Dealer Agreement;

**Dealer Agreement** means the amended and restated dealer agreement dated 26 April 2023 (as amended, restated and/or supplemented from time to time) relating to the Programme between the Issuer, HSBC Bank plc as arranger and dealer and the other dealers named in it;

**Deferred Shares** has the meaning given in the Act;

**Definitive Note** means a Bearer Note in definitive form having, where appropriate, Coupons and/or a Talon attached on issue and, unless the context requires otherwise, means a Certificate (other than a Global Certificate) and includes any replacement Note or Certificate issued pursuant to the Conditions;

**Deposit Note** means a note, specified as such in the Final Terms, denominated in such currency as may be agreed between the Issuer and the relevant Dealer which:

- (a) is not, and will not be, listed on any stock exchange;
- (b) represents a deposit or deposits made with the Issuer in the amount of at least £100,000 (or, if not denominated in Sterling, its equivalent in the currency in which it is denominated at the date of deposit) or such other minimum amount as may be required from time to time by the relevant monetary authority or any laws or regulations applicable to the relevant currency; and
- (c) has a maximum maturity of not more than five years and a minimum maturity of one month, subject to compliance with all relevant laws, regulations and directives,

and is issued or to be issued by the Issuer pursuant to the Dealer Agreement or any other agreement between the Issuer and the relevant Dealer and which shall initially be represented by a Global Certificate or a temporary Global Note which may (in accordance with the terms of such temporary Global Note) be exchanged for either Definitive Notes or a permanent Global Note which permanent Global Note may (in accordance with the terms of such permanent Global Note) in turn be exchanged for Definitive Notes and includes any replacement for a Deposit Note issued pursuant to Condition 13;

**Euroclear** means Euroclear Bank SA/NV;

**Event of Default** means an event described in Condition 10(a) that, if so required by that Condition, has been certified by the Trustee to be, in its opinion, materially prejudicial to the interests of the Noteholders or, in relation to Subordinated Notes and Senior Non-Preferred Notes, an event described in Condition 10(c)(i) or (iii);

**Exchangeable Bearer Note** means a Bearer Note that is exchangeable in accordance with its terms for a Registered Note;

**Exchangeable Registered Note** means a Registered Note that is exchangeable in accordance with its terms for a Bearer Note;

**Extraordinary Resolution** has the meaning set out in Schedule 3;

**FATCA** means Sections 1471 through 1474 of the Code (or any regulations or agreements thereunder or official interpretations thereof) or any intergovernmental agreement between the United States and another jurisdiction facilitating the implementation thereof (or any law implementing such an intergovernmental agreement);

**FATCA Withholding** means any withholding or deduction pursuant to an agreement described in Section 1471(b) of the Code or otherwise imposed pursuant to FATCA;

**Final Terms** means, in relation to a Tranche, the Final Terms issued specifying the relevant issue details of such Tranche, substantially in the form of Schedule C to the Dealer Agreement;

**FSMA** means the Financial Services and Markets Act 2000;

**Global Certificate** means a Certificate substantially in the form set out in Schedule 1 Part 5 representing Registered Notes of one or more Tranches of the same Series that are registered in the name of a nominee for Euroclear, Clearstream, Luxembourg;

**Global Note** means a temporary Global Note and/or, as the context may require, a permanent Global Note, a CGN and/or a NGN, as the context may require;

**holder** in relation to a Note, Coupon or Talon, and "Couponholder" and "Noteholder" have the meanings given to them in the Conditions;

**Issuing and Paying Agent** means the person named as such in the Conditions or any Successor Issuing and Paying Agent in each case at its specified office;

**London Stock Exchange** means the London Stock Exchange plc, and references in this Agreement to Notes being **listed on the London Stock Exchange** shall be to Notes that are admitted to the official list of the Financial Conduct Authority in its capacity as competent authority under the FSMA (the **Official List**) and admitted to trading on the Market and the terms **to list** and **listing** on the London Stock Exchange shall be interpreted accordingly;

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

**Material Subsidiary** means at any time any Subsidiary of the Issuer whose total assets (attributable to the Issuer) are equal to 10 per cent. or more of the consolidated total assets (attributable to the Issuer) of the Issuer and its Subsidiaries and for these purposes:

- (a) the total assets of any such Subsidiary shall be calculated by reference to:
  - (i) the accounts (consolidated if it prepares consolidated accounts) of that Subsidiary based upon which the then latest audited consolidated accounts of the Issuer and its Subsidiaries have been prepared; or
  - (ii) if such Subsidiary becomes a Subsidiary of the Issuer after the end of the financial period to which the then latest audited consolidated accounts of the Issuer and its Subsidiaries relate, the then latest accounts (consolidated if it prepares consolidated accounts) of that Subsidiary;

and

- (b) the consolidated total assets of the Issuer and its Subsidiaries shall be calculated by reference to the then latest audited consolidated accounts of the Issuer and its Subsidiaries, adjusted to reflect any Subsidiary subsequently acquired or disposed of;

**NGN** means a temporary Global Note in the form set out in Part 3 of Schedule 1 or a permanent Global Note in the form set out in Part 4 of Schedule 1;

**Notes** means the euro medium term notes to be issued by the Issuer pursuant to the Dealer Agreement, constituted by this Trust Deed and for the time being outstanding or, as the context may require, a specific number of them;

**NSS** means the New Safekeeping Structure for registered global securities which are intended to constitute eligible collateral for Eurosystem monetary policy operations;

**outstanding** means, in relation to the Notes, all the Notes issued except (a) those that have been redeemed in accordance with the Conditions, (b) those in respect of which the date for redemption has occurred and the redemption moneys (including all interest accrued on such Notes to the date for such redemption and any interest payable after such date) have been duly paid to the Trustee or to the Issuing and Paying Agent as provided in Clause 3 and remain available for payment against presentation and surrender of Notes, Certificates and/or Coupons, as the case may be, (c) those

Senior Non-Preferred Notes substituted in accordance with Condition 6(k) (d) those that have become void or in respect of which claims have become prescribed, (e) those that have been purchased and cancelled as provided in the Conditions, (f) those mutilated or defaced Bearer Notes that have been surrendered in exchange for replacement Bearer Notes, (g) (for the purpose only of determining how many Notes are outstanding and without prejudice to their status for any other purpose) those Bearer Notes alleged to have been lost, stolen or destroyed and in respect of which replacement Notes have been issued, (h) those Exchangeable Bearer Notes that have been exchanged for Registered Notes, and those Exchangeable Registered Notes that have been exchanged for Bearer Notes, and (i) any temporary Global Note to the extent that it shall have been exchanged for a permanent Global Note and any Global Note to the extent that it shall have been exchanged for one or more Definitive Notes, in either case pursuant to its provisions provided that for the purposes of (1) ascertaining the right to attend and vote at any meeting of the Noteholders (including by way of electronic consents given through the relevant Clearing System(s) as envisaged by Schedule 3, (2) the determination of how many Notes are outstanding for the purposes of the Conditions and Schedule 3, (3) the exercise of any discretion, power or authority that the Trustee is required, expressly or impliedly, to exercise in or by reference to the interests of the Noteholders and (4) the certification (where relevant) by the Trustee as to whether a Potential Event of Default is in its opinion materially prejudicial to the interests of the Noteholders, those Notes that are beneficially held by or on behalf of the Issuer or any of its Subsidiaries and not cancelled shall (unless no longer so held) be deemed not to remain outstanding. Save for the purposes of the proviso herein, in the case of each NGN, the Trustee shall rely on the records of Euroclear and Clearstream, Luxembourg in relation to any determination of the nominal amount outstanding of each NGN;

**Paying Agents** means the persons (including the Issuing and Paying Agent) referred to as such in the Conditions or any Successor Paying Agents in each case at their respective specified offices;

**permanent Global Note** means a Global Note representing Bearer Notes of one or more Tranches of the same Series, either on issue or upon exchange of a temporary Global Note, or part of it, and which shall be substantially in the form set out in Part 2 or Part 4 of Schedule 1, as the case may be;

**Potential Event of Default** means an event or circumstance that could with the giving of notice, lapse of time, issue of a certificate and/or fulfilment of any other requirement provided for in Condition 10(a) or, in the case of Subordinated Notes and Senior Non-Preferred Notes, in Condition 10(c)(i) or (iii), become an Event of Default;

**Procedures Memorandum** means procedures guidelines relating to the settlement of issues of Notes as shall be agreed upon from time to time by the Issuer, the Trustee, the Permanent Dealers (as defined in the Dealer Agreement) and the Issuing and Paying Agent and which, at the date of this Trust Deed, is in the form dated 26 April 2023;

**Programme Limit** means the maximum aggregate nominal amount of Notes that may be issued and outstanding at any time under the Programme, as such limit may be increased pursuant to the Dealer Agreement;

**Redemption Amount** means the Final Redemption Amount, Early Redemption Amount, Optional Redemption Amount, Amortised Face Amount or Loss Absorption Disqualification Event Redemption Price, as the case may be, all as defined in the Conditions;

**Register** means the register maintained by the Registrar;

**Registered Note** means a Note in registered form;

**Registrar** means the person named as such in the Conditions or any Successor Registrar in each case at its specified office;

**Senior Non-Preferred Note** means a Note the status of which is specified as ‘Senior Non-Preferred’ in the Final Terms, and includes any replacement for a Senior Non-Preferred Note issued pursuant to Condition 13;

**Senior Preferred Note** means a Note the status of which is specified as ‘Senior Preferred’ in the Final Terms, and includes any replacement for a Senior Preferred Note issued pursuant to Condition 13;

**Series** means a series of Notes comprising one or more Tranches, whether or not issued on the same date, that (except in respect of the first payment of interest and their issue price) have identical terms on issue and are expressed to have the same series number;

**specified office** means, in relation to a Paying Agent, the Registrar or a Transfer Agent the office identified with its name at the end of the Conditions or any other office approved by the Trustee and notified to Noteholders pursuant to sub-Clause 9(j);

**Subordinated Note** means a Note, the status of which is specified as ‘Subordinated’ in the Final Terms, and includes any replacement for a Subordinated Note issued pursuant to Condition 13;

**Subsidiary** means a subsidiary within the meaning of Section 1159 of the Companies Act 2006 and **Subsidiaries** shall be construed accordingly;

**Substituted Obligor** has the meaning given to it in Clause 15.2;

**Successor** means, in relation to an Agent such other or further person as may from time to time be appointed by the Issuer as such Agent with the written approval of, and on terms approved in writing by, the Trustee and notice of whose appointment is given to Noteholders pursuant to sub-Clause 9(j);

**Successor in Business** means:

- (a) any building society (not being a building society which is established by the amalgamation of the Issuer under and in accordance with the terms of Section 93 of the Act) which is validly and effectually, in accordance with all enactments, orders and regulations in force from time to time, registered as a successor society to the Issuer and to another building society or other building societies in order to effect the amalgamation of the Issuer with such other society or societies; or
- (b) any building society (not being a building society which undertakes under and in accordance with the terms of Section 94 of the Act to fulfil the engagements of the Issuer) which validly and effectually, in accordance with all enactments, orders and regulations in force from time to time, undertakes to fulfil the obligations of the Issuer under this Trust Deed as part of a transfer of engagements by the Issuer to such building society; or
- (c) any company or other entity (not being a successor within the meaning of Section 97 of the Act) to which the Issuer validly and effectually, in accordance with all enactments, orders and regulations in force from time to time, as part of a transfer of the whole or substantially the whole of its business, undertaking or assets, transfers the whole or substantially the whole of its business, undertaking or assets for the purpose of such company or other entity assuming and conducting the business of the Issuer in its place and which company or other entity undertakes to fulfil the obligations of the Issuer under this Trust Deed; or



- (d) any other entity (not being a successor building society within the meaning of Section 93 of the Act, a society to which the engagements of the Issuer are transferred under Section 94 of the Act or a successor within the meaning of Section 97 of the Act) which, in acquiring in any other manner all or substantially all of the undertaking, property and/or assets of the Issuer or in carrying on as a successor to the Issuer the whole or substantially the whole of the business carried on by the Issuer prior thereto undertakes to fulfil the obligations of the Issuer under this Trust Deed;

where, in each of the cases in paragraphs (a) to (d) above, the terms of the proposed transaction have previously been approved in writing by the Trustee;

**Supervisory Authority** means the Financial Conduct Authority or any successor organisation responsible for the supervision of building societies or authorised persons under the FSMA in the United Kingdom;

**Syndicated Issue** means an issue of Notes pursuant to Clause 2.2 of the Dealer Agreement;

**T2** means the Trans-European Automated Real-Time Gross Settlement Express Transfer System (known as T2) or any successor thereto or replacement thereof;

**Talons** mean talons for further Coupons or, as the context may require, a specific number of them and includes any replacement Talons issued pursuant to the Conditions and which shall be substantially in the form set out in Schedule 2 Part 5;

**temporary Global Note** means a Global Note representing Bearer Notes of one or more Tranches of the same Series on issue and which shall be substantially in the form set out in Part 1 or Part 3 of Schedule 1, as the case may be;

**Tranche** means, in relation to a Series, those Notes of that Series that are issued on the same date at the same issue price and in respect of which the first payment of interest is identical;

**Transfer Agents** means the persons (including the Registrar) referred to as such in the Conditions or any Successor Transfer Agents in each case at their specified offices; and

**trust corporation** means a trust corporation (as defined in the Law of Property Act 1925) or a corporation entitled to act as a trustee pursuant to applicable foreign legislation relating to trustees.

## 1.2 Construction of Certain References

References to:

- (a) the records of Euroclear and Clearstream, Luxembourg shall be to the records that each of Euroclear and Clearstream, Luxembourg holds for its customers which reflect the amount of such customers' interests in the Notes;
- (b) a law or a provision of a law is a reference to that law or provision as from time to time modified, extended, amended or re-enacted;
- (c) costs, charges, remuneration or expenses include any value added, turnover or similar tax charged in respect thereof; and
- (d) an action, remedy or method of judicial proceedings for the enforcement of creditors' rights include references to the action, remedy or method of judicial proceedings in jurisdictions other than England as shall most nearly approximate thereto.

### **1.3 Headings**

Headings shall be ignored in construing this Trust Deed.

### **1.4 Contracts**

References in this Trust Deed to this Trust Deed or any other document are to this Trust Deed or that document as amended, supplemented, restated or replaced from time to time in relation to the Programme and include any document that amends, supplements or replaces them.

### **1.5 Schedules**

The Schedules are part of this Trust Deed and have effect accordingly.

### **1.6 Alternative Clearing System**

References in this Trust Deed to Euroclear and/or Clearstream, Luxembourg shall, wherever the context so permits, be deemed to include reference to any additional or alternative clearing system approved by the Issuer, the Trustee, the Registrar (if applicable) and the Issuing and Paying Agent. In the case of NGNs or Global Certificates held under the NSS, such alternative clearing system must also be authorised to hold such Notes as eligible collateral for Eurosystem monetary policy and intra-day credit operations.

### **1.7 Contracts (Rights of Third Parties) Act 1999**

A person who is not a party to this Trust Deed has no right under the Contracts (Rights of Third Parties) Act 1999 to enforce any term of this Agreement except and to the extent (if any) that this Trust Deed expressly provides for such Act to apply to any of its terms.

## **2. TRUST DEED**

2.1 The Trustee and the Issuer hereby consents to enter into this Trust Deed and agree that the Original Trust Deed shall be amended and restated so that in relation to any Series of Notes, the first Tranche of which is issued after the date hereof, the Trust Deed shall have effect in the form of this amended and restated Trust Deed.

2.2 Save in respect of any Series of Notes issued prior to the date of this Trust Deed and any Notes issued on or after the date of this Trust Deed so as to be consolidated and form a single Series with any Notes issued prior to such date, the Original Trust Deed is hereby amended and restated as of the date of this Trust Deed so that it is in the form of this Trust Deed.

2.3 Save to the extent specifically referred to in this Trust Deed, nothing contained in this Trust Deed shall be construed as a waiver, variation, modification or amendment to the provisions of the Original Trust Deed, and the Original Trust Deed and all the Notes and Coupons issued prior to the date of this Trust Deed shall continue in full force and effect.

### **3. ISSUE OF NOTES AND COVENANT TO PAY**

#### **3.1 Issue of Notes**

The Issuer may from time to time issue Notes in Tranches of one or more Series on a continuous basis with no minimum issue size in accordance with the Dealer Agreement. Before issuing any Tranche, the Issuer shall give written notice or procure that it is given to the Trustee of the proposed issue of such Tranche, specifying the details to be included in the relevant Final Terms. Upon the issue by the Issuer of any Notes expressed to be constituted by this Trust Deed, such Notes shall forthwith be constituted by this Trust Deed without any further formality and irrespective of whether or not the issue of such debt securities contravenes any covenant or other restriction in this Trust Deed or the Programme Limit.

#### **3.2 Separate Series**

The provisions of Clauses 3.3, 3.4, 3.5 and 3.6 and of Clauses 4 to 18 and Schedule 3 (all inclusive) shall apply *mutatis mutandis* separately and independently to the Notes of each Series and in such Clauses and Schedule the expressions **Noteholders, Certificates, Coupons, Couponholders and Talons**, together with all other terms that relate to Notes or their Conditions, shall be construed as referring to those of the particular Series in question and not of all Series unless expressly so provided, so that each Series shall be constituted by a separate trust pursuant to Clause 3.3 and that, unless expressly provided, events affecting one Series shall not affect any other.

#### **3.3 Covenant to Pay**

The Issuer shall on any date when any Notes become due to be redeemed, in whole or in part, unconditionally pay to or to the order of the Trustee in the Contractual Currency, in the case of any Contractual Currency other than euro, in the principal financial centre for the Contractual Currency and in the case of euro, in a city in which banks have access to the T2 System, in same day funds the Redemption Amount of the Notes becoming due for redemption on that date together with any applicable premium and shall (subject to the Conditions) until such payment (both before and after judgment) unconditionally so pay to or to the order of the Trustee interest in respect of the nominal amount of the Notes outstanding as set out in the Conditions (subject to Clause 3.6) provided that (1) subject to the provisions of Clause 3.5 payment of any sum due in respect of the Notes made to the Issuing and Paying Agent as provided in the Agency Agreement shall, to that extent, satisfy such obligation except to the extent that there is failure in its subsequent payment to the relevant Noteholders or Couponholders under the Conditions and (2) a payment made after the due date or as a result of the Note becoming repayable following an Event of Default shall be deemed to have been made when the full amount due has been received by the Issuing and Paying Agent or the Trustee and notice to that effect has been given to the Noteholders (if required under sub-Clause 9(h)), except to the extent that there is failure in its subsequent payment to the relevant Noteholders or Couponholders under the Conditions. This covenant shall only have effect each time Notes are issued and outstanding, when the Trustee shall hold the benefit of this covenant on trust for the Noteholders and Couponholders of the relevant Series.

#### **3.4 Discharge**

Subject to Clause 3.5, any payment to be made in respect of the Notes or the Coupons by the Issuer or the Trustee may be made as provided in the Conditions and any payment so made shall (subject to Clause 3.5) to that extent be a good discharge to the Issuer or the Trustee, as the case may be (including, in the case of Notes represented by a NGN, whether or not the corresponding entries have been made in the records of Euroclear and Clearstream, Luxembourg).

### **3.5 Payment after a Default**

At any time after an Event of Default or a Potential Event of Default has occurred in relation to a particular Series the Trustee may:

- (a) by notice in writing to the Issuer, the Paying Agents and the Transfer Agents, require the Paying Agents and the Transfer Agents, until notified by the Trustee to the contrary, so far as permitted by applicable law:
  - (i) to act as Paying Agents and Transfer Agents of the Trustee under this Trust Deed and the Notes of such Series on the terms of the Agency Agreement (with consequential amendments as necessary and except that the Trustee's liability for the indemnification, remuneration and expenses of the Paying Agents and the Transfer Agents shall be limited to the amounts for the time being held by the Trustee in respect of such Series on the terms of this Trust Deed) and thereafter to hold all Notes, Certificates, Coupons and Talons of such Series and all moneys, documents and records held by them in respect of Notes, Certificates, Coupons and Talons of such Series to the order of the Trustee; or
  - (ii) to deliver all Notes, Certificates, Coupons and Talons of such Series and all moneys, documents and records held by them in respect of the Notes, Certificates, Coupons and Talons of such Series to the Trustee or as the Trustee directs in such notice and
- (b) by notice in writing to the Issuer require it to make all subsequent payments in respect of the Notes, Coupons and Talons of such Series to or to the order of the Trustee and not to the Issuing and Paying Agent with effect from the issue of any such notice to the Issuer; and from then until such notice is withdrawn, proviso (1) to Clause 3.3 above shall cease to have effect.

### **3.6 Rate of Interest After a Default**

If the Notes bear interest at a floating or other variable rate and they become immediately payable under the Conditions, the rate of interest payable in respect of them shall continue to be calculated by the Calculation Agent in accordance with the Conditions (with consequential amendments as necessary) except that the rates of interest need not be published unless the Trustee otherwise requires. The first period in respect of which interest shall be so calculable shall commence on the expiry of the Interest Period during which the Notes become so repayable.

## **4. FORM OF THE NOTES**

### **4.1 The Global Notes, Global Certificates and Certificates**

The Notes shall initially be represented by a temporary Global Note, a permanent Global Note, a Global Certificate or one or more Certificates in the nominal amount of the Tranche being issued. Interests in temporary Global Notes shall be exchangeable for Definitive Notes, if the relevant Note is an Exchangeable Bearer Note, Registered Notes or interests in permanent Global Notes as set out in each temporary Global Note. Interests in permanent Global Notes shall be exchangeable for Definitive Notes and/or, if the relevant Note is an Exchangeable Bearer Note, Registered Notes as set out in each permanent Global Note. Interests in Global Certificates shall be exchangeable for Certificates and, if the relevant Note is an Exchangeable Registered Note, interests in a permanent Global Note or Definitive Notes as set out in each Global Certificate.

## **4.2 The Definitive Notes and Certificates**

The Definitive Notes, Coupons and Talons shall be security printed and the Certificates shall be printed, in each case in accordance with applicable legal and stock exchange requirements substantially in the forms set out in Schedule 2. The Notes and Certificates (other than Global Certificates) shall be endorsed with the Conditions.

## **4.3 Signature**

The Notes, Certificates, Coupons and Talons shall be signed manually or in facsimile by an Authorised Person of the Issuer, the Notes shall be authenticated by or on behalf of the Issuing and Paying Agent and the Certificates shall be authenticated by or on behalf of the Registrar. The Issuer may use the facsimile signature of a person who at the date of this Trust Deed is such an Authorised Person even if at the time of issue of any Notes, Certificates, Coupons or Talons he or she no longer holds that office. In the case of a Global Note which is a NGN or a Global Certificate which is held under the NSS, the Issuing and Paying Agent shall also instruct the Common Safekeeper to effectuate the same. Notes, Certificates, Coupons and Talons so executed and authenticated (and effectuated, if applicable) shall be or, in the case of Certificates, represent binding and valid obligations of the Issuer.

## **5. STAMP DUTIES AND TAXES**

### **5.1 Stamp Duties**

The Issuer shall pay any stamp, issue, documentary or other taxes and duties, including interest and penalties, payable in Belgium, Luxembourg, the United Kingdom and the country of each Contractual Currency in respect of the creation, issue and offering of the Notes, Certificates, Coupons and Talons and the execution or delivery of this Trust Deed. The Issuer shall also indemnify the Trustee, the Noteholders and the Couponholders from and against all stamp, issue, documentary or other taxes paid by any of them in any jurisdiction in connection with any action taken by or on behalf of the Trustee or, as the case may be, the Noteholders or the Couponholders to enforce the Issuer's obligations under this Trust Deed or the Notes, Certificates, Coupons or Talons.

### **5.2 Change of Taxing Jurisdiction**

If the Issuer becomes subject generally to the taxing jurisdiction of a territory or a taxing authority of or in that territory with power to tax other than or in addition to the United Kingdom then the Issuer shall (unless the Trustee otherwise agrees) give the Trustee an undertaking satisfactory to the Trustee in terms corresponding to the terms of Condition 8 with the substitution for, or (as the case may require) the addition to, the references in that Condition to the United Kingdom of references to that other or additional territory or authority to whose taxing jurisdiction the Issuer has become so subject. In such event this Trust Deed and the Notes, Certificates, Coupons and Talons shall be read accordingly.

## **6. APPLICATION OF MONEYS RECEIVED BY THE TRUSTEE**

### **6.1 Ranking of Senior Non-Preferred Notes**

- (a) The Senior Non-Preferred Notes and the Coupons relating to them are direct, unconditional and unsecured obligations of the Issuer and, subject to the Ranking Legislation, constitute secondary non-preferential debts for the purposes of the Ranking Legislation. Accordingly, subject to the Ranking Legislation, on a winding up or dissolution of the Issuer (subject as otherwise provided in an Excluded Dissolution), the claims of the Trustee, the Noteholders and the Couponholders against the Issuer in respect of, or arising under, the Senior Non-

Preferred Notes or the Coupons relating thereto (including, without limitation, any damages awarded for breach of the Issuer's obligations) will rank:

- (i) junior in right of payment to all Senior Claims;
  - (ii) *pari passu* with all other Senior Non-Preferred Claims;
  - (iii) in priority to all Subordinated Claims.
- (b) Any payment in respect of Senior Non-Preferred Notes and the relative Coupons postponed under the Ranking Legislation but ultimately paid to the Trustee shall be paid to Noteholders holding Senior Non-Preferred Notes and the relative Couponholders *pari passu* and rateably, subject to and in accordance with the provisions of Clause 6.3.
- (c) Subject to applicable law, no holder of Senior Non-Preferred Notes or holder of a Coupon relating to Senior Non-Preferred Notes (or, in each case, any beneficial interest therein) may exercise or claim or plead any right of set-off, netting, compensation or retention in respect of any amount owed to it by the Issuer arising under or in connection with the Senior Non-Preferred Notes or any Coupons relating to them and each holder of any Senior Non-Preferred Note or any Coupon relating thereto (or, in each case, any beneficial interest therein) shall, by virtue of being the holder of any such Senior Non-Preferred Note or Coupon (or beneficial interest, as the case may be), be deemed to have waived all such rights of set-off, netting, compensation or retention both before and during any winding-up, liquidation or administration of the Issuer. Notwithstanding the provisions of the foregoing sentence, if any amounts owed to any holder of a Senior Non-Preferred Note or a Coupon relating thereto (or, in each case, any beneficial interest therein) by the Issuer arising under or in connection with any Senior Non-Preferred Note or any Coupon relating to a Senior Non-Preferred Note is discharged by set-off, netting, compensation or retention, such Noteholder or Couponholder will immediately pay an amount equal to the amount of such discharge to the Issuer or, in the event of the winding-up or administration of the Issuer, the liquidator or (as the case may be) administrator or other insolvency official of the Issuer (and until such payment is made shall hold an amount equal thereto on trust for the Issuer or, as the case may be, the liquidator, administrator or other insolvency official) and accordingly such discharge will be deemed not to have taken place.

## **6.2 Subordination of Subordinated Notes and Declaration of Trust**

- (a) On a winding up or dissolution of the Issuer (subject as otherwise provided in an Excluded Dissolution), the claims of the Trustee, the Noteholders and the Couponholders against the Issuer in respect of, or arising under, the Subordinated Notes or the Coupons relating to them (including, without limitation any damages awarded for breach of the Issuer's obligations) shall, subject to the Ranking Legislation:
- (i) be subordinated in right of payment in the manner provided in the Ranking Legislation and herein to (I) all Senior Claims, (II) all Senior Non-Preferred Claims and (III) all Subordinated Claims (if any) which rank, or are expressed to rank, in priority to claims in respect of the Subordinated Notes;
  - (ii) rank at least *pari passu* with the claims of the holders of all other subordinated obligations of the Issuer which constitute, or would but for any applicable limitation on the amount of such capital constitute, as at their respective issue dates, Tier 2 Capital; and

- (iii) rank in priority to the claims of holders of any subordinated obligations whose claims rank or are expressed to rank junior in right of payment to the Subordinated Notes or the Coupons relating to them, as the case may be, and, for the avoidance of doubt, ahead of all claims in respect of any Deferred Shares in the Issuer.
- (b) Any amounts in respect of the Subordinated Notes and the Coupons appertaining thereto received by the Trustee in the winding up of the Issuer shall be held by the Trustee upon trust to apply them (subject to Clause 6.3):
- (i) first, in payment of all costs, charges, expenses and liabilities properly incurred by the Trustee (including remuneration payable to it) in carrying out its functions under this Trust Deed;
  - (ii) second, in payment *pari passu* of the aggregate amount of all claims admitted in the winding up or dissolution of the Issuer, including, without limiting the generality of the foregoing:
    - (A) all claims in respect of the deposits (other than subordinated deposits) with or loans (other than subordinated loans) to the Issuer and all claims to interest thereon (including claims by persons who become holders of deposits pursuant to Section 100 of the Act if the Issuer transfers its business to a successor pursuant to Section 97 of the Act);
    - (B) all claims in respect of Senior Preferred Notes and Deposit Notes;
    - (C) only in respect of a winding up commenced while the Issuer remains a building society, in payment of all claims of members holding shares in the Issuer as regards the principal of their shares in the Issuer and any interest due in respect of those shares (other than members holding Deferred Shares whose claims rank or are expressed to rank *pari passu* with or junior to the claims of the Senior Non-Preferred Noteholders and related Couponholders (whether only in the event of a winding up of the Issuer or otherwise))
 but excluding all Senior Non-Preferred Claims and all Subordinated Claims;
  - (iii) third, in payment of all claims admitted in the winding up or dissolution of the Issuer which are claims of creditors in respect of obligations (including, without limitation, Senior Non-Preferred Notes and any other secondary non-preferential debts under the Ranking Legislation) which rank or are expressed to rank junior to (or have or are expressed to have a lower priority ranking compared to) claims in respect of the Senior Preferred Notes and all other Senior Claims of the Issuer, other than Subordinated Claims;
  - (iv) fourth, in payment of all Subordinated Claims (if any) which rank, or are expressed to rank, in priority to claims in respect of the Subordinated Notes;
  - (v) fifth, in payment *pari passu* and rateably of the amounts owing on or in respect of the Subordinated Notes and the Coupons appertaining thereto; and
  - (vi) sixth, the balance (if any) to the liquidator for the time being of the Issuer.
- (c) The trusts mentioned in sub-Clauses 6.2(b)(ii) to (vi) inclusive may be performed by the Trustee paying over to the liquidator for the time being of the Issuer the amounts received by the Trustee aforesaid (less any amounts thereof applied in the implementation of the trusts

mentioned in sub-Clause 6.2(b)(i)) on terms that such liquidator shall distribute the same accordingly and in satisfaction *pro tanto* of the Issuer's liabilities in respect of amounts owing under this Trust Deed and the receipt of such liquidator for the same shall be a good discharge to the Trustee for the performance by it of the trusts mentioned in sub-Clauses 6.2(b)(ii) to (vi) inclusive.

- (d) The Trustee shall be entitled and it is hereby authorised to call for and to accept as conclusive evidence thereof a certificate from the liquidator for the time being of the Issuer as to:
  - (i) the amounts of the claims of the depositors and other creditors and members of the Issuer referred to in sub-Clause 6.2(a); and
  - (ii) the persons entitled thereto and their respective entitlements.
- (e) For the avoidance of doubt, nothing in this Clause 6.2 shall affect any monies payable to the Trustee under Clause 10 in respect of which the Trustee's claim shall rank as a Senior Claim.
- (f) Notwithstanding anything contained in this Clause 6.2, the trusts mentioned in sub-Clauses 6.2(b)(ii) to (iv) inclusive shall vest absolutely in the creditors of the Issuer for whose benefit such trust is to be performed not later than the date being 80 years from the date of this Trust Deed.
- (g) Subject to applicable law, no holder of Subordinated Notes or holder of a Coupon relating to Subordinated Notes (or, in each case, any beneficial interest therein) may exercise or claim or plead any right of set-off, netting, compensation or retention in respect of any amount owed to it by the Issuer arising under or in connection with the Subordinated Notes or any Coupons relating to them and each holder of any Subordinated Note or any Coupon relating thereto (or, in each case, any beneficial interest therein) shall, by virtue of being the holder of any such Subordinated Note or Coupon (or beneficial interest, as the case may be), be deemed to have waived all such rights of set-off, netting, compensation or retention both before and during any winding-up, liquidation or administration of the Issuer. Notwithstanding the provisions of the foregoing sentence, if any amounts owed to any holder of a Subordinated Note or a Coupon relating thereto (or, in each case, any beneficial interest therein) by the Issuer arising under or in connection with any Subordinated Note or any Coupon relating to a Subordinated Note is discharged by set-off, netting, compensation or retention, such Noteholder or Couponholder will immediately pay an amount equal to the amount of such discharge to the Issuer or, in the event of the winding-up or administration of the Issuer, the liquidator or (as the case may be) administrator or other insolvency official of the Issuer (and until such payment is made shall hold an amount equal thereto on trust for the Issuer or, as the case may be, the liquidator, administrator or other insolvency official) and accordingly such discharge will be deemed not to have taken place.

### **6.3 Declaration of Trust - Other Notes and Subordinated Notes Pre-Liquidation**

All moneys received by the Trustee in respect of the Notes or amounts payable under this Trust Deed shall, despite any appropriation of all or part of them by the Issuer, be held by the Trustee on trust to apply them (subject, in all cases, to Clause 6.4 and Clause 6.5 below and, in the case of the Subordinated Notes, to the provisions of Clause 6.2):

- (a) first, in payment of all costs, charges, expenses and liabilities properly incurred by the Trustee (including remuneration payable to it) in carrying out its functions under this Trust Deed;



- (b) second, in payment of any amounts owing in respect of the Notes or Coupons *pari passu* and rateably; and
- (c) third, in payment of any balance to the Issuer for itself.

If the Trustee holds any moneys in respect of Notes or Coupons that have become void or in respect of which claims have become prescribed, the Trustee shall hold them on these trusts.

#### **6.4 Accumulation**

The Trustee may at its discretion accumulate such moneys until the accumulations, together with any other funds for the time being under the control of the Trustee and available for such purpose, amount to at least 10 per cent. of the principal amount of the relevant Notes then outstanding and then such accumulations and funds (after deductions of, or provisions for, any applicable taxes) shall be applied under this Clause 6. For the avoidance of doubt, the Trustee shall in no circumstances have any discretion to invest any monies referred to in this Clause 6.4 in any investments or other assets.

#### **6.5 Deposits**

No provision of these presents shall (a) confer on the Trustee any right to exercise any investment discretion in relation to the assets subject to the trust constituted by these presents and, to the extent permitted by law, Section 3 of the Trustee Act 2000 shall not apply to the duties of the Trustee in relation to the trusts constituted by these presents and (b) require the Trustee to do anything which may cause the Trustee to be considered a sponsor of a covered fund under Section 619 of the Dodd-Frank Wall Street Reform and Consumer Protection Act and any regulations promulgated thereunder.

Moneys held by the Trustee may be invested in its name or under its control in any investments or other assets anywhere whether or not they produce income or are deposited in its name or under its control at such bank or other financial institution in such currency as the Trustee may, in its absolute discretion, think fit. If that bank or institution is the Trustee or a subsidiary, holding or associated company of the Trustee, it need only account for an amount of interest equal to the standard amount of interest payable by it on such a deposit to an independent customer. The Trustee may at any time vary or transpose any such investments or assets or convert any moneys so deposited into any other currency, and shall not be responsible for any resulting loss, whether by depreciation in value, change in exchange rates or otherwise. Moneys held by the Trustee need not be segregated except as required by law.

### **7. ENFORCEMENT**

#### **7.1 Senior Preferred Notes and Deposit Notes**

- (a) Subject to Condition 10, at any time after any Senior Preferred Notes or Deposit Notes of any Series shall have become immediately due and repayable, the Trustee may at its discretion and without further notice take such proceedings as it may think fit against the Issuer to enforce repayment thereof together with premium (if any) and accrued interest and any other moneys payable pursuant to this Trust Deed.
- (b) Subject to Condition 10 (and, in particular, the limitations in Condition 10(c)), at any time any Subordinated Notes and Senior Non-Preferred Notes shall have become immediately due and repayable, the Trustee may at its discretion and without further notice take such proceedings as it may think fit against the Issuer to enforce repayment thereof together with

premium (if any) and accrued interest and any other moneys payable pursuant to this Trust Deed.

## **7.2 Proof of default**

Should the Trustee take legal proceedings against the Issuer to enforce any of the provisions of this Trust Deed:

- (a) proof therein that as regards any specified Note the Issuer has made default in paying any principal, premium or interest due in respect of such Note shall (unless the contrary be proved) be sufficient evidence that the Issuer has made the like default as regards all other Notes which are then due and repayable; and
- (b) proof therein that as regards any specified Coupon the Issuer has made default in paying any interest due in respect of such Coupon shall (unless the contrary be proved) be sufficient evidence that the Issuer has made the like default as regards all other Coupons which are then due and payable.

## **7.3 Calculation of rate of interest**

The rate of interest payable in respect of any Notes bearing interest at a floating or other variable rate in the event of such Notes having become immediately due and repayable shall, subject as provided in Condition 5(c)(iii)(D), be calculated at the same intervals as the rate of interest payable pursuant to the Conditions of such Notes, commencing on the expiry of the interest period during which such Notes become immediately due and repayable *mutatis mutandis* in accordance with the provisions of Condition 5 except that no notices need be published in respect thereof.

## **8. PROCEEDINGS**

### **8.1 Action taken by Trustee**

The Trustee shall not be bound to take any such proceedings as are mentioned in Clause 7.1 or Condition 10 unless respectively directed or requested to do so (i) by an Extraordinary Resolution or (ii) in writing by the holders of at least one-quarter in nominal amount of the Notes of the relevant Series then outstanding and in either case then only if it shall be indemnified, secured and/or prefunded to its satisfaction against all actions, proceedings, claims and demands to which it may thereby render itself liable and all costs, charges, damages and expenses which it may reasonably incur by so doing and provided that the Trustee shall not be held liable for the consequences of exercising its discretion or taking any action and may do so without having regard to the effect of such action on individual Noteholders or Couponholders.

### **8.2 Trustee only to enforce**

Only the Trustee may enforce the provisions of this Trust Deed. No holder shall be entitled to proceed directly against the Issuer to enforce the performance of any of the provisions of this Trust Deed unless the Trustee having become bound as aforesaid to take proceedings fails to do so or is unable for any reason to do so within a 60 day period and such failure or inability is continuing.

## **9. COVENANTS**

So long as any Note is outstanding, the Issuer shall:

- (a) **Books of Account** keep, and procure that each of its Subsidiaries keeps, proper books of account and, at any time after an Event of Default or Potential Event of Default has occurred

or if the Trustee reasonably believes that such an event has occurred so far as permitted by applicable law, allow, and procure that each such Subsidiary shall allow, the Trustee and anyone appointed by it to whom the Issuer and/or the relevant Subsidiary has no reasonable objection, access to its books of account at all reasonable times during normal business hours provided that nothing in this Clause 9(a) shall oblige the Issuer to disclose confidential information concerning customers of the Issuer or any of its Subsidiaries.

- (b) **Notice of Events of Default:** notify the Trustee in writing immediately on becoming aware of the occurrence of any Event of Default, Potential Event of Default, Regulatory Event or Loss Absorption Disqualification Event and without waiting for the Trustee to take any further action.
- (c) **Information:** so far as permitted by applicable law, give the Trustee such information as it reasonably requires to perform its functions.
- (d) **Financial Statements etc.:** send to the Trustee as soon as practicable after the time of their issue and in the case of annual financial statements in any event within 180 days of the end of each financial year three copies in English of every balance sheet, profit and loss account, report or other notice, statement or circular issued, or that legally or contractually should be issued, to the members or creditors (or any class of them) of the Issuer generally in their capacity as such.
- (e) **Certificate of Authorised Persons:** send to the Trustee, within 14 days of its annual audited financial statements being made available to its members and also within 14 days of any request by the Trustee a certificate of the Issuer in the form set out in Schedule 4 signed by any two Authorised Persons that, having made all reasonable enquiries, to the best of the knowledge, information and belief of the Issuer as at a date (the **Certification Date**) not more than 7 days before the date of the certificate no Event of Default, Potential Event of Default or Regulatory Event or other breach of this Trust Deed had occurred since the Certification Date of the last such certificate or (if none) the date of this Trust Deed or, if such an event had occurred, giving details of it.
- (f) **Notices to Noteholders:** send to the Trustee at least 48 hours before the publication, the form of each notice to be given to Noteholders and, once given, two copies of each such notice, such notice to be in a form approved in writing by the Trustee (such approval, unless so expressed, not to constitute approval for the purposes of section 21 of the FSMA or any such notice which is a communication within the meaning of section 21 of the FSMA).
- (g) **Further Acts:** so far as permitted by applicable law, do such further things as may be necessary in the opinion of the Trustee to give effect to this Trust Deed.
- (h) **Notice of Late Payment:** forthwith upon request by the Trustee give or procure to be given notice to the Noteholders of any unconditional payment to the Issuing and Paying Agent or the Trustee of any sum due in respect of the Notes or Coupons made after the due date for such payment.
- (i) **Listing:** if the Notes are so listed, use all reasonable endeavours to maintain the listing of the Notes on the Official List of the Financial Conduct Authority in its capacity as competent authority under the FSMA and the trading of such Notes on the Market but, if it is unable to do so, having used such endeavours, or if the maintenance of such listing is agreed by the Trustee to be unduly onerous and the Trustee is satisfied that the interests of the Noteholders would not be thereby materially prejudiced, instead use all reasonable endeavours to obtain and maintain a listing of the Notes on another stock exchange and admission to trading of the Notes on another market, in each case approved in writing by the Trustee.

- (j) **Change in Agents:** give at least 14 days' prior notice to the Noteholders of any future appointment, resignation or removal of an Agent or of any change by an Agent of its specified office and not make any such appointment or removal without the Trustee's written approval.
- (k) **Provision of Legal Opinions:** procure the delivery of legal opinions addressed to the Trustee dated the date of such delivery, in form and content acceptable to the Trustee:
  - (i) from Allen & Overy LLP (or such other firm as the Trustee may nominate) as to the laws of England on each update of the Programme and on the date of any amendment to this Trust Deed
  - (ii) from legal advisers, reasonably acceptable to the Trustee as to such law as may reasonably be requested by the Trustee, on the issue date for the Notes in the event of a proposed issue of Notes of such a nature and having such features as might lead the Trustee to conclude that it would be prudent, having regard to such nature and features, to obtain such legal opinion(s) or in the event that the Trustee considers it prudent in view of a change (or proposed change) in (or in the interpretation or application of) any applicable law, regulation or circumstance affecting the Issuer, the Trustee, the Notes, the Certificates, the Coupons, the Talons, this Trust Deed or the Agency Agreement and
  - (iii) on each occasion on which a legal opinion is given to any Dealer in relation to any Notes pursuant to the Dealer Agreement from the legal adviser giving such opinion.
- (l) **Notes Held by Issuer etc.:** send to the Trustee as soon as practicable after being so requested by the Trustee a certificate of the Issuer signed by any two Authorised Persons stating the number of Notes held at the date of such certificate by or on behalf of the Issuer or, as the case may be, its Subsidiaries.
- (m) **Regulatory Approval:** procure that no redemption, substitution or variation of Subordinated Notes or Senior Non-Preferred Notes at the option of the Issuer or for taxation reasons and no purchases of Subordinated Notes or Senior Non-Preferred Notes by the Issuer or any of its Subsidiaries in each case in accordance with Condition 6 will be made without first obtaining Regulatory Approval (if and to the extent required by the Supervisory Authority or the Loss Absorption Regulations at such time).
- (n) **Material Subsidiaries:** give to the Trustee at the same time as its annual audited financial statements are made available to its members, and also within 28 days of a request by the Trustee, a certificate by two Authorised Persons listing those Subsidiaries of the Issuer that as at the last day of the last financial year of the Issuer or as at the date specified in such request were Material Subsidiaries.
- (o) **Negative Pledge:** give written notice to the Trustee promptly upon resolving to create any security interest, as is referred to in Condition 4 of the Notes.
- (p) **Copies of Documents etc.:** promptly provide the Trustee with copies of all supplements and/or amendments and/or restatements of the Dealer Agreement.
- (q) **Clearing System:** use all reasonable endeavours to procure that Euroclear and/or Clearstream, Luxembourg and/or any other clearing system (as the case may be) issue(s) any certificate or other document requested by the Trustee as soon as practicable after such request.

- (r) **Obligations under the Programme documentation:** comply with and perform all its obligations under the this Trust Deed, the Conditions and the Agency Agreement and procure that the Issuing and Paying Agent, the Registrar, any Transfer Agent, the Calculation Agent and the other Paying Agents comply with and perform all their respective obligations thereunder and any notice given by the Trustee pursuant to sub-Clause 3.5(a) and not make any amendment or modification to the Agency Agreement without the prior written approval of the Trustee.
- (s) **Inspection etc:** use all reasonable endeavours to procure that each of the Paying Agents, the Transfer Agents, the Calculation Agent and the Registrar makes available for inspection by Noteholders and Couponholders at their specified offices copies of this Trust Deed, the Agency Agreement and the then latest audited balance sheet and profit and loss account (consolidated if applicable) of the Issuer.
- (t) **Authorisation:** ensure that:
  - (i) the issue of the Notes and the borrowing thereby constituted is within the power of the Issuer and its Authorised Persons and the proceeds of the Notes will be used for the general purposes of the Issuer's business;
  - (ii) the Issuer is an authorised person for the purposes of FSMA; and
  - (iii) the issue and borrowing referred to in sub-Clause 9(t)(i) will not cause any limit placed on the powers of the Issuer and its Authorised Persons whether imposed by statute (including, but not confined to, any limits under the Act), regulation, agreement, the Memorandum and Rules of the Issuer or otherwise to be exceeded.
- (u) **Opinions, certificates, information etc.:** covenants with the Trustee that it shall give or procure to be given to the Trustee such opinions, certificates, information and evidence as it shall require and in such form as it shall require (including without limitation the procurement by the Issuer of all such certificates called for by the Trustee pursuant to Clause 11) for the purpose of the discharge or exercise of the duties, trusts, powers, authorities and discretions vested in it under these presents or any other Transaction Document or by operation of law.
- (v) **Issuer's business:** at all times carry on and conduct its affairs in a proper and efficient manner and use its reasonable efforts to minimise taxes.
- (w) **Rating downgrade:** advise the Trustee of any change in the rating of the Notes.
- (x) **Source and character of payments:** following the receipt of a request from the Trustee for a determination as to the source and character for U.S. federal income tax purposes of any payment to be made by it pursuant to this Trust Deed or under any other Transaction Document to enable the Trustee to determine whether or not it is obliged, in respect of any payments to be made by it hereunder or under any other Transaction Document or in respect of any Note, to make any FATCA Withholding, use reasonable efforts to make such determination and to notify the Trustee the outcome of such determination.
- (y) **FATCA information:** provide to the Trustee, and consent to the collection and processing by the Trustee of, any authorisations, waivers, forms, documentation and other information, relating to its status (or the status of its direct or indirect owners or noteholders) or otherwise required to be reported, under FATCA (**FATCA Information**). The Issuer further consents to the disclosure, transfer and reporting of such FATCA Information to any relevant government or taxing authority, any member of the Trustee's group, any sub-contractors,

agents, service providers or associates of the Trustee's group, and any person making payments to the Trustee or a member of the Trustee's group, including transfers to jurisdictions which do not have strict data protection or similar laws, to the extent that the Trustee determines that such disclosure, transfer or reporting is necessary or warranted to facilitate compliance with FATCA. The Issuer agrees to inform the Trustee promptly, and in any event, within 30 days in writing if there are any changes to the FATCA Information supplied to the Trustee from time to time. The Issuer warrants that each person whose FATCA Information it provides (or has provided) to the Trustee has been given such information, and has given such consent, as may be necessary to permit the collection, processing, disclosure, transfer and reporting of their information as set out in this paragraph.

- (z) **Material modification:** reasonably promptly notify the Trustee of any amendment(s) or waiver(s) to the terms of any Transaction Document and to either (i) provide an opinion of independent tax counsel that such amendment(s) or waiver(s) to the terms of such Transaction Document will not constitute a "material modification" of such Transaction Document for the purposes of FATCA or (ii) promptly notify the Trustee of the effective date of the possible "material modification" of such Transaction Document for the purposes of FATCA.
  
- (aa) **Additional Information:** within ten Business Days of a written request by the Trustee, supply to the Trustee such forms, documentation and other information relating to it, its operations, or the Notes as the Trustee reasonably requests for the purposes of the Trustee's compliance with applicable law and shall notify the Trustee reasonably promptly in the event that it becomes aware that any of the forms, documentation or other information provided by the Issuer is (or becomes) inaccurate in any material respect; provided, however, that the Issuer shall not be required to provide any forms, documentation or other information pursuant to this sub-Clause to the extent that: (I) any such form, documentation or other information (or the information required to be provided on such form or documentation) is not reasonably available to the Issuer and cannot be obtained by the Issuer using reasonable efforts; or (II) doing so would or might in the reasonable opinion of the Issuer constitute a breach of any: (A) applicable law; (B) fiduciary duty; or (C) duty of confidentiality.

## **10. REMUNERATION AND INDEMNIFICATION OF THE TRUSTEE**

### **10.1 Normal Remuneration**

So long as any Note is outstanding the Issuer shall pay the Trustee as remuneration for its services as Trustee such sum on such dates in each case as they may from time to time agree. Such remuneration shall accrue from day to day from the date of this Trust Deed. However, if any payment to a Noteholder or Couponholder of moneys due in respect of any Note or Coupon is improperly withheld or refused, such remuneration shall again accrue as from the date of such withholding or refusal until payment to such Noteholder or Couponholder is duly made.

### **10.2 Extra Remuneration**

If an Event of Default, Potential Event of Default or Regulatory Event shall have occurred or if the Trustee finds it expedient or necessary or is requested by the Issuer to undertake duties that they both agree to be of an exceptional nature or otherwise outside the scope of the Trustee's normal duties under this Trust Deed, the Issuer shall pay such additional remuneration as they may agree or, failing agreement as to any of the matters in this Clause (or as to such sums referred to in Clause 10.1), as determined by a financial institution (acting as an expert) selected by the Trustee and approved by the Issuer or, failing such approval, nominated by the President for the time being of The Law

Society of England and Wales. The expenses involved in such nomination and such financial institution's fee shall be paid by the Issuer. The determination of such financial institution shall be conclusive and binding on the Issuer, the Trustee, the Noteholders and the Couponholders.

### **10.3 Expenses**

The Issuer shall also within 3 Business Days of demand by the Trustee pay or discharge all fees, costs, charges, liabilities and expenses properly incurred by the Trustee (including any VAT) in the preparation and execution of this Trust Deed and the exercise of its powers and performance of its functions under this Trust Deed including, but not limited to, legal and travelling expenses and any stamp, documentary or other taxes or duties paid by the Trustee in connection with any legal proceedings properly brought or contemplated by the Trustee against the Issuer to enforce any provision of this Trust Deed, the Notes, the Coupons, the Talons or the other Transaction Documents. Such costs, charges, liabilities and expenses shall:

- (a) in the case of payments made by the Trustee before such demand, carry interest from the date of the demand at the rate of 2 per cent. per annum over the base rate of HSBC Bank plc on the date on which the Trustee made such payments; and
- (b) in other cases, carry interest at such rate from 30 days after the date of the demand or (where the demand specifies that payment is to be made on an earlier date) from such earlier date.

### **10.4 Indemnity**

Without prejudice to the right of indemnity given by law to trustees, the Issuer will indemnify the Trustee and every receiver, attorney, manager, agent or other person appointed by the Trustee hereunder and keep it or him indemnified against all liabilities and expenses (including any VAT payable) to which it or he may become subject or which may be incurred by it or him in the negotiation and preparation of this Trust Deed and the other transaction documents in connection with the Programme and the execution or purported execution or exercise of any of its or his trusts, duties, rights, powers, authorities and discretions under this Trust Deed or any other transaction documents in connection with the Programme or its or his functions under any such appointment or in respect of any other matter or thing done or omitted in any way relating to this Trust Deed or any other transaction documents in connection with the Programme or any such appointment (including, without limitation, liabilities incurred in disputing or defending any of the foregoing).

### **10.5 Continuing Effect**

Clauses 10.3 and 10.4 shall continue in full force and effect as regards the Trustee even if it no longer is Trustee.

### **10.6 Gross-up**

The Issuer hereby further undertakes to the Trustee that all moneys payable by the Issuer to the Trustee hereunder shall be made without set off, counterclaim, deduction, or withholding, unless otherwise compelled by law. In the event of any deduction or withholding compelled by law, the Issuer will pay such additional amount as will result in the payment to the Trustee of the amount which would otherwise have been paid by the Issuer to the Trustee hereunder.

## **11. PROVISIONS SUPPLEMENTAL TO THE TRUSTEE ACT 1925 AND THE TRUSTEE ACT 2000**

### **11.1 Advice**

The Trustee may act on the advice, opinion or report of or any information obtained from any lawyer, valuer, accountant (including the auditors), surveyor, banker, broker, auctioneer, or other expert (whether obtained by the Issuer, the Trustee or otherwise, whether or not addressed to the Trustee, and whether or not the advice, opinion, report or information, or any engagement letter or other related document, contains a monetary or other limit on liability or limits the scope and/or basis of such advice, opinion, report or information). The Trustee will not be responsible to anyone for any liability occasioned by so acting.

Any such advice, opinion or information may be sent or obtained by letter, email or fax and the Trustee shall not be liable for acting on any advice, opinion or information purporting to be conveyed by such means even if it contains an error or is not authentic.

### **11.2 Trustee to Assume Performance**

The Trustee need not notify anyone of the execution of this Trust Deed or any related documents or do anything to find out if an Event of Default, Potential Event of Default or Regulatory Event has occurred. Until it has actual knowledge or express notice pursuant to this Trust Deed to the contrary, the Trustee may assume that no such event has occurred and that the Issuer is performing all its obligations under this Trust Deed, the Notes, the Coupons and the Talons.

### **11.3 Resolutions of Noteholders**

The Trustee shall not be responsible for having acted on a resolution purporting to have been passed at a meeting of Noteholders in respect of which minutes have been made and signed even if it is later found that there was a defect in the constitution of the meeting or the passing of the resolution or that the resolution was not valid or binding on the Noteholders or Couponholders.

### **11.4 Certificate Signed by Directors or Authorised Persons**

If the Trustee, in the exercise of its functions, requires to be satisfied or to have information as to any fact or the expediency of any act, it may call for and accept as sufficient evidence of that fact or the expediency of that act a certificate signed by any two Authorised Persons of the Issuer as to that fact or to the effect that, in their opinion, that act is expedient and the Trustee need not call for further evidence and shall not be responsible for any loss occasioned by acting on such a certificate.

### **11.5 Deposit of Documents**

The Trustee may appoint as custodian, on any terms, any bank or entity whose business includes the safe custody of documents or any lawyer or firm of lawyers believed by the Trustee to be of good repute and may deposit this Trust Deed, any supplemental Trust Deed and any other documents with such custodian and pay all sums due in respect thereof. The Trustee is not obliged to appoint a custodian of securities payable to bearer.

### **11.6 Discretion**

The Trustee shall have absolute and uncontrolled discretion as to the exercise of its functions and shall not be responsible for any loss, liability, cost, claim, action, demand, expense or inconvenience that may result from their exercise or non-exercise.



## **11.7 Agents**

Whenever it considers it expedient in the interests of the Noteholders, the Trustee may, in the conduct of its trust business, instead of acting personally, employ and pay an agent selected by it, whether or not a lawyer or other professional person, to transact or conduct, or concur in transacting or conducting, any business and to do or concur in doing all acts required to be done by the Trustee (including the receipt and payment of money).

## **11.8 Delegation**

Whenever it considers it expedient in the interests of the Noteholders, the Trustee may delegate to any person on any terms (including power to sub-delegate) all or any of its functions.

## **11.9 Nominees**

In relation to any asset held by it under this Trust Deed, the Trustee may appoint any person to act as its nominee on any terms.

## **11.10 Forged Notes**

The Trustee shall not be liable to the Issuer or any Noteholder or Couponholder by reason of having accepted as valid or not having rejected any Note, Certificate, Coupon or Talon purporting to be such and later found to be forged or not authentic.

## **11.11 Confidentiality**

Unless ordered to do so by a court of competent jurisdiction, the Trustee shall not be required to disclose to any Noteholder or Couponholder any confidential financial or other information made available to the Trustee by the Issuer.

## **11.12 Determinations Conclusive**

As between itself and the Noteholders and Couponholders, the Trustee may determine all questions and doubts arising in relation to any of the provisions of this Trust Deed. Such determinations, whether made upon such a question actually raised or implied in the acts or proceedings of the Trustee, shall be conclusive and shall bind the Trustee, the Noteholders and the Couponholders.

## **11.13 Currency Conversion**

Where it is necessary or desirable to convert any sum from one currency to another, it shall (unless otherwise provided hereby or required by law) be converted at such rate or rates, in accordance with such method and as at such date as may be specified by the Trustee but having regard to current rates of exchange, if available. Any rate, method and date so specified shall be binding on the Issuer, the Noteholders and the Couponholders.

## **11.14 Events of Default**

The Trustee may determine whether or not an Event of Default or Potential Event of Default is in its opinion capable of remedy and/or materially prejudicial to the interests of the Noteholders. Any such determination shall be conclusive and binding on the Issuer, the Noteholders and the Couponholders.

## **11.15 Payment for and Delivery of Notes**

The Trustee shall not be responsible for the receipt or application by the Issuer of the proceeds of the issue of the Notes, any exchange of Notes or the delivery of Notes to the persons entitled to them.

### **11.16 Notes Held by the Issuer etc**

In the absence of knowledge or express notice to the contrary, the Trustee may assume without enquiry (other than requesting a certificate under sub-Clause 9(1)) that no Notes are for the time being held by or on behalf of the Issuer or its Subsidiaries.

### **11.17 Legal Opinions**

The Trustee shall not be responsible to any person for failing to request, require or receive any legal opinion relating to any Notes or for checking or commenting upon the content of any such legal opinion.

### **11.18 Programme Limit**

The Trustee shall not be concerned, and need not enquire, as to whether or not any Notes are issued in breach of the Programme Limit.

### **11.19 Responsibility for Agents etc**

If the Trustee exercises reasonable care in selecting any custodian, agent, delegate or nominee appointed under this Clause (an **Appointee**), it will not have any obligation to supervise the Appointee or be responsible for any loss, liability, cost, claim, action, demand or expenses incurred by reason of the Appointee's misconduct or default or the misconduct or default of any substitute appointed by the Appointee.

### **11.20 Illegality**

Notwithstanding anything else contained in the Trust Deed or the other transaction documents in connection with the Programme, the Trustee may refrain from doing anything which would or might in its opinion be contrary to any law of any jurisdiction or any directive or regulation of any agency of any state (including, without limitation, section 619 of the Dodd-Frank Wall Street Reform and Consumer Protection Act) or which would or might otherwise render it liable to any person and may do anything which is, in its opinion, necessary to comply with any such law, directive or regulation.

### **11.21 Sanctions**

In connection with HSBC Group's commitment to comply with all applicable sanctions regimes, the Trustee and any affiliate or Subsidiary HSBC Holdings PLC may take any action in its sole and absolute discretion that it considers appropriate to comply with any law, regulation, request of a public or regulatory authority, any agreement between any member of the HSBC Group and any government authority or any HSBC Group policy that relates to the prevention of fraud, money laundering, terrorism, tax evasion, evasion of economic or trade sanctions or other criminal activities (collectively the **Relevant Requirements**). Such action may include, but is not limited to:

- (a) screening, intercepting and investigating any transaction, instruction or communication, including the source of, or intended recipient of, funds;
- (b) delaying or preventing the processing of instructions or transactions or the Trustee's performance of its obligations under this Deed;
- (c) the blocking of any payment; or
- (d) requiring the Issuer to enter into a financial crime compliance representations letter from time to time in a form and substance acceptable to the HSBC Group.

Where possible and permitted, the Trustee will endeavour to notify the Issuer of the existence of such circumstances. To the extent permissible by law, neither the Trustee nor any member of the HSBC Group will be liable for loss (whether direct or consequential and including, without limitation, loss of profit or interest) or damage suffered by any party arising out of, or caused in whole or in part by, any actions that are taken by the Trustee or any other member of the HSBC Group to comply with any relevant requirement.

In this Clause 11.21, **HSBC Group** means HSBC Holdings PLC together with its subsidiary undertakings from time to time.

The Issuer and the Trustee each agrees and confirms that the provisions of this subclause 11.21 shall not apply if and to the extent they would result in a violation of Council Regulation (EC) 2271/1996 or such Regulation as it forms part of United Kingdom domestic law by virtue of the EUWA (together, the **Blocking Regulations**) and/or any associated and applicable national law, instrument or regulation related thereto.

#### **11.22 Trustee not bound to take any action**

The Trustee shall not be bound to take any action in connection with this Trust Deed or the Notes or obligations arising pursuant thereto, including, without prejudice to the generality of the foregoing, forming an opinion or employing any financial adviser, where it is not satisfied that the Issuer will be able to indemnify the Trustee against all its liabilities and costs incurred in connection with such action and may demand prior to taking any such action that there be paid to it in advance such sums as it considers (without prejudice to any further demand) shall be sufficient so to indemnify it and on such demand being made the Issuer shall be obliged to make payment of such sums in full.

#### **11.23 Trustee not obliged to risk funds**

Nothing contained in the Trust Deed or the other Transaction Documents shall require the Trustee to expend or risk its own funds or otherwise incur any financial liability in the performance of its functions, duties or the exercise of any right, power, authority or discretion hereunder if it has grounds for believing that the repayment of such funds or adequate indemnity against, or security for, such risk or liability is not reasonably assured to it.

#### **11.24 Trustee to charge as a professional**

Any trustee of these presents being a lawyer, accountant, broker or other person engaged in any profession or business shall be entitled to charge and be paid all usual professional and other charges properly incurred for business transacted and acts done by him or his firm in connection with the trusts of these presents and also his reasonable charges in addition to disbursements for all other work and business done and all time spent by him or his firm in connection with matters arising in connection with these presents.

#### **11.25 Trustee to have regard to Noteholders as a class**

In connection with the exercise by it of any of its trusts, powers, authorities or discretions under these presents (including, without limitation, any modification, waiver, authorisation, determination or substitution), the Trustee shall have regard to the general interests of the Noteholders as a class but shall not have regard to any interests arising from circumstances particular to individual Noteholders or Couponholders (whatever their number) and, in particular but without limitation, shall not have regard to the consequences of such exercise for individual Noteholders or Couponholders (whatever their number) resulting from their being for any purpose domiciled or resident in, or otherwise connected with, or subject to the jurisdiction of, any particular territory or any political sub-division thereof and the Trustee shall not be entitled to require, nor shall any

Noteholder or Couponholder be entitled to claim, from the Issuer, the Trustee or any other person any indemnification or payment in respect of any tax consequence of any such exercise upon individual Noteholders or the Couponholders except to the extent already provided for in Condition 8 of the relevant Conditions and/or any undertaking given in addition thereto or in substitution therefor under these presents.

#### **11.26 Trustee to have no liability for enforceability**

The Trustee shall not be responsible for the execution, delivery, legality, effectiveness, adequacy, genuineness, validity, enforceability or admissibility in evidence of these presents or any other document relating or expressed to be supplemental thereto and shall not be liable for any failure to obtain any licence, consent or other authority for the execution, delivery, legality, effectiveness, adequacy, genuineness, validity, performance, enforceability or admissibility in evidence of these presents or any other document relating or expressed to be supplemental thereto.

#### **11.27 Consent and approval**

Any consent or approval given by the Trustee for the purposes of these presents may be given on such terms and subject to such conditions (if any) as the Trustee thinks fit.

#### **11.28 Regulated Activities**

Notwithstanding anything in this Trust Deed to the contrary, the Trustee shall not do, or be authorised or required to do, anything which might constitute a regulated activity for the purpose of the FSMA, unless it is authorised under the FSMA to do so. The Trustee shall have the discretion at any time (i) to delegate any of the functions which fall to be performed by an authorised person under the FSMA to any agent or person which has the necessary authorisations and licences and (ii) to apply for authorisation under the FSMA and perform any or all such functions itself if, in its absolute discretion, it considers it necessary, desirable or appropriate to do so. Nothing in this Trust Deed shall require the Trustee to assume an obligation of the Issuer arising under any provisions of the listing, prospectus, disclosure or transparency rules (or equivalent rules of any other competent authority besides the Financial Conduct Authority).

#### **11.29 Consequential Loss**

Any liability of the Trustee arising under the transaction documents in connection with the Programme shall be limited to the amount of actual loss suffered (such loss shall be determined as at the date of default of the Trustee or, if later, the date on which the loss arises as a result of such default) but without reference to any special conditions or circumstances known to the Trustee at the time of entering into the transaction documents in connection with the Programme, or at the time of accepting any relevant instructions, which increase the amount of the loss. In no event shall the Trustee be liable for any loss of profits, goodwill, reputation, business opportunity or anticipated saving, or for special, punitive or consequential damages, whether or not the Trustee has been advised of the possibility of such loss or damages. This clause shall not apply in the event that a court with jurisdiction determines that the Trustee has acted fraudulently or to the extent the limitation of such liability would be precluded by virtue of Sections 750 and 751 of the Companies Act 2006.

#### **11.30 Maintenance of Rating**

The Trustee shall have no responsibility whatsoever to the Issuer, any Noteholder or any other person for the maintenance of any rating of any Note by any rating agency.

### **11.31 Error of Judgment**

The Trustee shall not be responsible for errors of judgement made in good faith by its employees.

### **11.32 Reliance on Rating Agencies**

The Trustee may rely on rating agency confirmations.

### **11.33 Trustee powers to be additional**

The Trustee powers should be additional to any powers under general law.

### **11.34 Recitals**

The Trustee is not responsible for investigating any matter which is the object of any recital or statement or covenant.

### **11.35 Personal Data**

Notwithstanding the other provisions of the transaction documents in connection with the Programme, the Trustee may collect, use and disclose personal data about the parties (if any are an individual) or individuals associated with the Issuer and/or other parties, so that the Trustee can carry out its obligations to the Issuer and the other parties and for other related purposes, including auditing, monitoring and analysis of its business, fraud and crime prevention, money laundering, legal and regulatory compliance and the marketing by the Trustee or members of the Trustee's corporate group of other services. The Trustee will keep the personal data up to date. The Trustee may also transfer the personal data to any country (including countries outside the European Economic Area where there may be less stringent data protection laws) to process information on the Trustee's behalf. Wherever it is processed, the personal data will be protected by a strict code of secrecy and security to which all members of the Trustee's corporate group, their staff and any third parties are subject, and will only be used in accordance with the Trustee's instructions.

### **11.36 FATCA Withholding**

The Trustee shall be entitled to make any FATCA Withholding required on any distribution or payment made by it under this Trust Deed and shall have no obligation to gross-up any payment hereunder or to pay any additional amount as result of such FATCA Withholding.

## **12. TRUSTEE'S LIABILITY**

Subject to sections 750 and 751 of the Companies Act 2006 (if applicable) and notwithstanding anything to the contrary in the Transaction Documents in connection with the Programme, the Trustee shall not be liable to any person for any matter or thing done or omitted in any way in connection with or in relation to the transaction documents in connection with the Programme save in relation to its own gross negligence, wilful default or fraud having regard to the provisions of this Trust Deed and the other Transaction Documents conferring on it any trusts, powers, authorities or discretions. Section 1 of the Trustee Act 2000 shall not apply to the duties of the Trustee in relation to the trusts constituted by the Trust Deed. Where there are any inconsistencies between the Trustee Acts and the provisions of this Trust Deed, the provisions of this Trust Deed shall prevail to the extent allowed by law. In the case of an inconsistency with the Trustee Act 2000, the provisions of this Trust Deed shall take effect as a restriction or exclusion for the purposes of that act.

### **13. WAIVER**

The Trustee may, without the consent of the Noteholders or Couponholders and without prejudice to its rights in respect of any subsequent breach, from time to time and at any time, if in its opinion the interests of the Noteholders will not be materially prejudiced thereby, waive or authorise, on such terms as seem expedient to it, any breach or proposed breach by the Issuer of this Trust Deed or the Conditions; or determine that an Event of Default or Potential Event of Default shall not be treated as such provided that the Trustee shall not do so in contravention of an express direction given by an Extraordinary Resolution or a request made pursuant to Condition 10. No such direction or request shall affect a previous waiver, authorisation or determination. Any such waiver, authorisation or determination shall be binding on the Noteholders and the Couponholders and, if the Trustee so requires, shall be notified to the Noteholders as soon as practicable.

### **14. TRUSTEE NOT PRECLUDED FROM ENTERING INTO CONTRACTS**

The Trustee and any other person, whether or not acting for itself, may acquire, hold or dispose of any Note, Coupon, Talon or other security (or any interest therein) of the Issuer or any other person, may enter into or be interested in any contract or transaction with any such person and may act on, or as depositary or agent for, any committee or body of holders of any securities of any such person in each case with the same rights as it would have had if the Trustee were not acting as Trustee and need not account for any profit.

### **15. MODIFICATION, SUBSTITUTION, AMALGAMATION AND TRANSFER OF ENGAGEMENTS**

#### **15.1 Modification**

The Trustee may agree without the consent of the Noteholders or Couponholders to any modification to this Trust Deed which is, in its opinion of a formal, minor or technical nature or to correct a manifest error. The Trustee may also so agree to any modification to this Trust Deed that is in its opinion not materially prejudicial to the interests of the Noteholders, but such power does not extend to any such modification as is mentioned in the proviso to paragraph 2 of Schedule 3. The Trustee shall concur with the Issuer in effecting any modifications to these presents required pursuant to Condition 5(n) and Condition 6(k) without the consent of the Noteholders or Couponholders. Any such modification shall be binding on the Noteholders and the Couponholders and, if the Trustee so requires, such modification will be notified by the Issuer to the Noteholders as soon as practicable.

#### **15.2 Substitution**

##### **(a) Substitution**

The Trustee may, without the consent of the Noteholders or Couponholders, agree, if it is satisfied that to do so would not be materially prejudicial to the interests of the Noteholders, to the transfer of the Issuer's business to a subsidiary of another mutual society pursuant to the Building Societies (Funding) and Mutual Societies (Transfer) Act 2007 or the substitution of either a Successor in Business or any Subsidiary of the Issuer or a subsidiary of a Successor in Business, not being in any such case a building society formed by the amalgamation of the Issuer and one or more other building societies pursuant to Section 93 of the Act or a building society to which the Issuer has transferred its engagements pursuant to Section 94 of the Act or the successor in accordance with Section 97 or other applicable provisions of the Act (the **Substituted Obligor**) in place of the Issuer (or of any previous substitute under this Clause) as the principal debtor under this Trust Deed, the Notes, the Coupons and the Talons provided that:

- (i) a deed is executed or undertaking given by the Substituted Obligor to the Trustee, in form and manner satisfactory to the Trustee, agreeing to be bound by this Trust Deed, the Notes, the Coupons and the Talons (with consequential amendments as the Trustee may reasonably deem appropriate) as if the Substituted Obligor had been named in this Trust Deed, the Notes, the Certificates, the Coupons and the Talons as the principal debtor in place of the Issuer provided that (in the case only of Subordinated Notes) the obligations of such Substituted Obligor shall be subordinated on a basis considered by the Trustee to be equivalent to that in respect of the Issuer's obligations in respect of Subordinated Notes under this Trust Deed;
- (ii) if the Substituted Obligor is subject generally to the taxing jurisdiction of a territory or any authority of or in that territory with power to tax (the **Substituted Territory**) other than the territory to the taxing jurisdiction of which (or to any such authority of or in which) the Issuer is subject generally (the **Issuer's Territory**), the Substituted Obligor shall (unless the Trustee otherwise agrees) give to the Trustee an undertaking satisfactory to the Trustee in terms corresponding to Condition 8 with the substitution for the references in that Condition to the Issuer's Territory of references to the Substituted Territory whereupon this Trust Deed, the Notes, the Certificates, the Coupons and the Talons shall be read accordingly;
- (iii) if any two directors of the Substituted Obligor certify that it will be solvent immediately after such substitution, the Trustee need not have regard to the Substituted Obligor's financial condition, profits or prospects or compare them with those of the Issuer;
- (iv) the Issuer and the Substituted Obligor comply with such other requirements as the Trustee may reasonably direct in the interests of the Noteholders;
- (v) if the Substituted Obligor is a Subsidiary of the Issuer or a subsidiary of a Successor in Business, the obligations of the Substituted Obligor under this Trust Deed, the Notes, and the Coupons are guaranteed by the Issuer or the Successor in Business, as the case may be, in such form as the Trustee may require; and
- (vi) in the case of Subordinated Notes, the obligations of such Successor in Business or Subsidiary of the Issuer or subsidiary of a Successor in Business, as the case may be, and any guarantee referred to in paragraph (v) above shall be subordinated on a basis considered by the Trustee to be equivalent to that in respect of the Issuer's obligations in respect of the Notes, and Coupons.

**(b) Release of Substituted Issuer**

An agreement by the Trustee pursuant to this Clause 15.2 shall, if so expressed, release the Issuer (or a previous substitute) from any or all of its obligations under this Trust Deed, the Notes, the Coupons and the Talons. Notice of the substitution shall be given to the Noteholders within 14 days of the execution of such documents and compliance with such requirements.

**(c) Completion of Substitution**

On completion of the formalities set out in this Clause 15.2, the Substituted Obligor shall be deemed to be named in this Trust Deed, the Notes, the Certificates, the Coupons and the Talons as the principal debtor in place of the Issuer (or of any previous substitute) and this Trust Deed, the Notes, the Certificates, the Coupons and the Talons shall be deemed to be amended as necessary to give effect to the substitution.

**(d) Amalgamation etc.**

If the Issuer shall amalgamate with one or more other building societies under Section 93 of the Act or transfer all or substantially all (being 90 per cent. or more of the Issuer's obligations including its obligations under the Notes, this Trust Deed and the Agency Agreement) of its obligations to another building society under Section 94 of the Act or transfer its business to a successor in accordance with Sections 97 to 102D of the Act, the successor will, pursuant to such provisions, automatically be substituted in place of the Issuer as principal debtor under this Trust Deed, the Notes and Coupons without prior approval thereof being required from the Noteholders, the Couponholders or the Trustee, subject to such amendments of the Trust Deed and such other conditions the Trustee may require, provided that (in the case of Subordinated Notes):

- (i) in the case of a proposed transfer in accordance with Section 97 and other such applicable provisions either (1) the Issuer satisfies the Trustee that the successor will be or (as the case may be) remain an authorised person under the FSMA (or any statutory modification or re-enactment thereof) or (2) such transfer is approved by an Extraordinary Resolution of the Noteholders
- (ii) in connection with such transfer, any variation or supplement to the Conditions must not be one which would or might cause any of the financial resources derived by the Issuer from the issue of the Notes to which this Trust Deed relates and which comprise Tier 2 capital to be excluded from the financial resources considered appropriate by the Supervisory Authority for the purposes of paragraph 4(1) of Schedule 6 of the FSMA and
- (iii) the circumstances in which such variation or supplement may take place are limited to dealing with matters arising out of the procedure by which the transfer takes place and the constitution of the transferee, which variation or supplement shall be effected by the execution of a trust deed supplemental to this Trust Deed in form and substance acceptable to the Trustee and shall bind any successor as fully as if the successor had been named in this Trust Deed as the principal debtor in place of the Issuer. A memorandum of any such supplemental trust deed shall be endorsed by the Trustee on this Trust Deed and by the Issuer on the duplicate of this Trust Deed.

### **15.3 Transfer of engagements**

The Issuer hereby covenants with the Trustee that it will not enter into any arrangement for the transfer of its engagements to another building society pursuant to Section 94 of the Act unless it transfers all or substantially all (being 90 per cent. or more) of its engagements including its obligations under the Notes, the Trust Deed and the Agency Agreement) to such building society or, in relation to any smaller part of its engagements, such transfer has been previously approved by the Trustee in writing or by an Extraordinary Resolution.

## **16. APPOINTMENT, RETIREMENT AND REMOVAL OF THE TRUSTEE**

### **16.1 Appointment**

The Issuer has the power of appointing new trustees but no-one may be so appointed unless previously approved by an Extraordinary Resolution. A trust corporation shall at all times be a Trustee and may be the sole Trustee. Any appointment of a new Trustee shall be notified by the Issuer to the Noteholders as soon as practicable.

### **16.2 Retirement and Removal**

Any Trustee may retire at any time on giving at least three months' written notice to the Issuer without giving any reason or being responsible for any costs occasioned by such retirement and the Noteholders may by Extraordinary Resolution remove any Trustee provided that the retirement or



removal of a sole trust corporation shall not be effective until a trust corporation is appointed as successor Trustee. If a sole trust corporation gives notice of retirement or an Extraordinary Resolution is passed for its removal, the Issuer shall use all reasonable endeavours to procure that another trust corporation be appointed as Trustee. If the Issuer fails to appoint a replacement trustee within three months of the notice referred to in this Clause 16.2, the Trustee may appoint a replacement trustee.

### **16.3 Co-Trustees**

The Trustee may, despite Clause 16.1, by written notice to the Issuer appoint anyone to act as an additional Trustee jointly with the Trustee:

- (a) if the Trustee considers the appointment to be in the interests of the Noteholders and/or the Couponholders
- (b) to conform with a legal requirement, restriction or condition in a jurisdiction in which a particular act is to be performed or
- (c) to obtain a judgment or to enforce a judgment or any provision of this Trust Deed in any jurisdiction.

Subject to the provisions of this Trust Deed the Trustee may confer on any person so appointed such functions as it thinks fit. The Trustee may by written notice to the Issuer and that person remove that person. At the Trustee's request, the Issuer shall forthwith do all things as may be required to perfect such appointment or removal and it irrevocably appoints the Trustee as its attorney in its name and on its behalf to do so.

### **16.4 Competence of a Majority of Trustees**

If there are more than two Trustees the majority of them shall be competent to perform the Trustee's functions provided the majority includes a trust corporation.

### **16.5 Merger**

Any corporation into which the Trustee may be merged or converted or with which it may be consolidated, or any corporation resulting from any merger, conversion or consolidation to which the Trustee shall be a party, or any corporation succeeding to all or substantially all the corporate trust business of the Trustee, shall be the successor of the Trustee hereunder, provided such corporation shall be otherwise qualified and eligible under this Clause 16, without the execution or filing of any paper or any further act on the part of any of the parties hereto.

## **17. NOTES HELD IN CLEARING SYSTEMS AND COUPONHOLDERS**

### **17.1 Notes Held in Clearing Systems**

So long as any Global Note is, or any Notes represented by a Global Certificate are, held on behalf of a clearing system, in considering the interests of Noteholders, the Trustee may have regard to any information provided to it by such clearing system or its operator as to the identity (either individually or by category) of its accountholders or participants with entitlements to any such Global Note or the Registered Notes and may consider such interests on the basis that such accountholders or participants were the holder(s) thereof.

## **17.2 Couponholders**

No notices need be given to Couponholders. They shall be deemed to have notice of the contents of any notice given to Noteholders. Even if it has express notice to the contrary, in exercising any of its functions by reference to the interests of the Noteholders, the Trustee shall assume that the holder of each Note is the holder of all Coupons and Talons relating to it.

## **18. CURRENCY INDEMNITY**

### **18.1 Currency of Account and Payment**

The Contractual Currency is the sole currency of account and payment for all sums payable by the Issuer under or in connection with this Trust Deed, the Notes and the Coupons, including damages.

### **18.2 Extent of Discharge**

An amount received or recovered in a currency other than the Contractual Currency (whether as a result of, or of the enforcement of, a judgment or order of a court of any jurisdiction, in the insolvency, winding-up or dissolution of the Issuer or otherwise), by the Trustee or any Noteholder or Couponholder in respect of any sum expressed to be due to it from the Issuer shall only discharge the Issuer to the extent of the Contractual Currency amount that the recipient is able to purchase with the amount so received or recovered in that other currency on the date of that receipt or recovery (or, if it is not practicable to make that purchase on that date, on the first date on which it is practicable to do so).

### **18.3 Indemnity**

If that Contractual Currency amount is less than the Contractual Currency amount expressed to be due to the recipient under this Trust Deed, the Notes or the Coupons, the Issuer shall indemnify the recipient against any loss sustained by it as a result. In any event, the Issuer shall indemnify the recipient against the cost of making any such purchase.

### **18.4 Indemnity Separate**

The indemnities in this Clause 18 and in Clause 10.4 constitute separate and independent obligations from the other obligations in this Trust Deed, shall give rise to a separate and independent cause of action, shall apply irrespective of any indulgence granted by the Trustee and/or any Noteholder or Couponholder and shall continue in full force and effect despite any judgment, order, claim or proof for a liquidated amount in respect of any sum due under this Trust Deed, the Notes and/or the Coupons or any other judgment or order.

## **19. COMMUNICATIONS**

### **19.1 Method**

Each communication under this Trust Deed shall be made by fax, electronic communication or otherwise in writing. Each communication or document to be delivered to any party under this Trust Deed shall be sent to that party at the fax number, postal address or electronic address, and marked for the attention of the person (if any), from time to time designated by that party to each other party for the purpose of this Trust Deed. The initial telephone number, fax number, postal address, electronic address and person so designated by the parties under this Trust Deed are set out in the Procedures Memorandum.

## **19.2 Deemed Receipt**

Any communication from any party to any other under this Trust Deed shall be effective, (if by fax) when good receipt is confirmed by the recipient following enquiry the relevant delivery receipt is received by the sender, and (if in writing) when delivered and (if by electronic communication) when the relevant receipt of such communication being read is given, or where no read receipt is requested by the sender, at the time of sending, provided that no delivery failure notification is received by the sender within 24 hours of sending such communication; provided that any communication which is received (or deemed to take effect in accordance with the foregoing) outside business hours or on a non-business day in the place of receipt shall be deemed to be received take effect at the opening of business on the next following business day in such place. Any communication delivered to any party under this Trust Deed which is to be sent by fax or electronic communication will be written legal evidence.

## **20. FURTHER ISSUES**

In accordance with Condition 14, the Issuer may from time to time without the consent of the Noteholders or Couponholders 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 Issuer may determine at the time of their issue. Any further securities forming a single series with the outstanding securities of any series (including the Notes) constituted by these presents or any deed supplemental to it shall, and any other securities may (with the consent of the Trustee), be constituted by this Trust Deed.

## **21. GOVERNING LAW**

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

## **22. COUNTERPARTS**

This Trust Deed and any trust deed supplemental hereto may be executed and delivered in counterparts, both of which, taken together, shall constitute one and the same deed and either party to this Trust Deed or any trust deed supplemental hereto may enter into the same by executing and delivering a counterpart.

## SCHEDULE 1

### FORM OF GLOBAL NOTES/ CERTIFICATES

#### PART 1

### FORM OF CGN TEMPORARY GLOBAL NOTE

#### PRINCIPALITY BUILDING SOCIETY

*(Incorporated in England and Wales under the Building Societies Act 1986 with Registered Number 155998)*

### EURO MEDIUM TERM NOTE PROGRAMME

#### TEMPORARY GLOBAL NOTE

#### Temporary Global Note No. [    ]

This temporary Global Note is issued in respect of the Notes (the **Notes**) of the Tranche and Series specified in the Second Schedule hereto of Principality Building Society (the **Issuer**) [and relates to money which has been deposited with the Issuer]

#### **Interpretation and Definitions**

References in this temporary Global Note to the **Conditions** are to the Terms and Conditions applicable to the Notes (which are in the form set out in Schedule 2 Part 3 to the Amended and Restated Trust Deed dated 26 April 2023 (as amended, supplemented and/or restated as at the Issue Date, the **Trust Deed**), between the Issuer and HSBC Corporate Trustee Company (UK) Limited as trustee, as such form is supplemented and/or modified and/or superseded by the provisions of this temporary Global Note (including the supplemental definitions and any modifications or additions set out in the Second Schedule hereto), which in the event of any conflict shall prevail). Other capitalised terms used in this temporary Global Note shall have the meanings given to them in the Conditions or the Trust Deed. If the Second Schedule hereto specifies that the applicable TEFRA exemption is either "C Rules" or "not applicable", this temporary Global Note is a "C Rules Note", otherwise this temporary Global Note is a "D Rules Note".

#### **Aggregate Nominal Amount**

The aggregate nominal amount from time to time of this temporary Global Note shall be an amount equal to the aggregate nominal amount of the Notes as shall be shown by the latest entry in the fourth column of the First Schedule hereto, which shall be completed by or on behalf of the Issuing and Paying Agent upon (i) the issue of Notes represented hereby, (ii) the exchange of the whole or a part of this temporary Global Note for a corresponding interest in a permanent Global Note or, as the case may be, for Definitive Notes or Registered Notes and/or (iii) the redemption or purchase and cancellation of Notes represented hereby.

#### **Promise to Pay**

Subject as provided herein, the Issuer, for value received, promises to pay to the bearer of this temporary Global Note, upon presentation and (when no further payment is due in respect of this temporary Global Note) surrender of this temporary Global Note, on the Maturity Date (or on such earlier date as the amount payable upon redemption under the Conditions may become repayable in accordance with the Conditions) the amount payable upon redemption under the Conditions in respect of the aggregate nominal amount of Notes represented by this temporary Global Note and (unless this temporary Global Note does not bear interest) to pay interest in respect of the Notes from the Interest Commencement Date in arrear at the rates, on the dates for payment, and in accordance with the methods of calculation provided for in the Conditions,

save that the calculation is made in respect of the total aggregate amount of the Notes, together with such other sums and additional amounts (if any) as may be payable under the Conditions, in accordance with the Conditions.

### **Exchange**

If this temporary Global Note is an Exchangeable Bearer Note, this temporary Global Note may be exchanged in whole or from time to time in part for one or more Registered Notes in accordance with the Conditions on or after the Issue Date but before the Exchange Date referred to below by its presentation to the Issuing and Paying Agent. On or after the Exchange Date, the outstanding nominal amount of this temporary Global Note may be exchanged for Definitive Notes and Registered Notes in accordance with the next paragraph.

On or after the first day following the expiry of 40 days after the Issue Date (the **Exchange Date**), this temporary Global Note may be exchanged (free of charge to the holder) in whole or (in the case of a D Rules Note only) from time to time in part by its presentation and, on exchange in full, surrender to or to the order of the Issuing and Paying Agent for interests in a permanent Global Note or, if so specified in the Second Schedule hereto, for Definitive Notes and (if this temporary Global Note is an Exchangeable Bearer Note), in each case, for Registered Notes in an aggregate nominal amount equal to the nominal amount of this temporary Global Note submitted for exchange provided that, in the case of any part of a D Rules Note submitted for exchange for a permanent Global Note or Definitive Notes, there shall have been Certification with respect to such nominal amount submitted for such exchange dated no earlier than the Exchange Date.

**Certification** means the presentation to the Issuing and Paying Agent of a certificate or certificates with respect to one or more interests in this temporary Global Note, signed by Euroclear or Clearstream, Luxembourg, substantially to the effect set out in Schedule 4 to the Agency Agreement to the effect that it has received a certificate or certificates substantially to the effect set out in Schedule 3 to the Agency Agreement with respect thereto and that no contrary advice as to the contents thereof has been received by Euroclear or Clearstream, Luxembourg, as the case may be.

Upon the whole or a part of this temporary Global Note being exchanged for a permanent Global Note, such permanent Global Note shall be exchangeable in accordance with its terms for Definitive Notes or Registered Notes, as the case may be.

The Definitive Notes or the Certificates representing the Registered Notes for which this temporary Global Note or a permanent Global Note may be exchangeable shall be duly executed and authenticated, shall, in the case of Definitive Notes, have attached to them all Coupons (and, where appropriate, Talons) in respect of interest that has not already been paid on this temporary Global Note or the permanent Global Note, as the case may be, shall be security printed or, in the case of Certificates, printed in accordance with applicable legal and stock exchange requirements and shall be substantially in the form set out in the Schedules to the Trust Deed as supplemented and/or modified and/or superseded by the terms of the Second Schedule hereto. Certificates issued upon exchange for Registered Notes shall not be Global Certificates unless the holder so requests and certifies to the Issuing and Paying Agent that it is, or is acting as a nominee for, Clearstream, Luxembourg, Euroclear and/or any other clearing system.

On any exchange of a part of this temporary Global Note for an equivalent interest in a permanent Global Note, for Definitive Notes or for Registered Notes, as the case may be, the portion of the nominal amount hereof so exchanged shall be endorsed by or on behalf of the Issuing and Paying Agent in the First Schedule hereto, whereupon the nominal amount hereof shall be reduced for all purposes by the amount so exchanged and endorsed.

## **Benefit of Conditions**

Except as otherwise specified herein, this temporary Global Note is subject to the Conditions and the Trust Deed and, until the whole of this temporary Global Note is exchanged for equivalent interests in a permanent Global Note, for Definitive Notes or for Registered Notes, as the case may be, the holder of this temporary Global Note shall in all respects be entitled to the same benefits as if it were the holder of the permanent Global Note (or the relevant part of it) or the Definitive Notes, as the case may be, for which it may be exchanged as if such permanent Global Note or Definitive Notes had been issued on the Issue Date.

## **Payments**

No person shall be entitled to receive any payment in respect of the Notes represented by this temporary Global Note that falls due on or after the Exchange Date unless, upon due presentation of this temporary Global Note for exchange, delivery of (or, in the case of a subsequent exchange, due endorsement of) a permanent Global Note or delivery of Definitive Notes or Certificates, as the case may be, is improperly withheld or refused by or on behalf of the Issuer.

Payments due in respect of a D Rules Note before the Exchange Date shall only be made in relation to such nominal amount of this temporary Global Note with respect to which there shall have been Certification dated no earlier than such due date for payment.

Any payments that are made in respect of this temporary Global Note shall be made to or to the order of its holder against presentation and (if no further payment falls to be made on it) surrender of it at the specified office of the Issuing and Paying Agent or of any other Paying Agent provided for in the Conditions. If any payment in full of principal is made in respect of any Note represented by this temporary Global Note, the portion of this temporary Global Note representing such Note shall be cancelled and the amount so cancelled shall be endorsed by or on behalf of the Issuing and Paying Agent in the First Schedule hereto (such endorsement being prima facie evidence that the payment in question has been made) whereupon the nominal amount hereof shall be reduced for all purposes by the amount so cancelled and endorsed. If any other payments are made in respect of the Notes represented by this temporary Global Note, a record of each such payment shall be endorsed by or on behalf of the Issuing and Paying Agent on an additional schedule hereto (such endorsement being prima facie evidence that the payment in question has been made).

For the purposes of any payments made in respect of this temporary Global Note, the words "in the relevant place of presentation" shall not apply in the definition of **business day** in Condition 7(h) (*Non-Business Days*).

## **Cancellation**

Cancellation of any Note represented by this temporary Global Note that is required by the Conditions to be cancelled (other than upon its redemption) shall be effected by reduction in the nominal amount of this temporary Global Note representing such Note on its presentation to or to the order of the Issuing and Paying Agent for endorsement in the First Schedule hereto, whereupon the nominal amount hereof shall be reduced for all purposes by the amount so cancelled and endorsed.

## **Notices**

Notices required to be given in respect of the Notes represented by this temporary Global Note may be given by their being delivered (so long as this temporary Global Note is held on behalf of Euroclear and Clearstream, Luxembourg or any other clearing system) to Euroclear, Clearstream, Luxembourg or such other clearing system, as the case may be, or otherwise to the holder of this temporary Global Note, rather than by publication as required by the Conditions. Any such notice shall be deemed to have been given on the date on which such notice is first provided to the relevant clearing system(s).

No provision of this temporary Global Note shall alter or impair the obligation of the Issuer to pay the principal and premium of and interest on the Notes when due in accordance with the Conditions.

This temporary Global Note shall not be valid or become obligatory for any purpose until authenticated by or on behalf of the Issuing and Paying Agent.

This temporary Global Note and any non-contractual obligations arising out of or in connection with it shall be governed by and construed in accordance with English law.

**In witness** whereof the Issuer has caused this temporary Global Note to be duly signed on its behalf.

Dated as of the Issue Date.

**PRINCIPALITY BUILDING SOCIETY**

By:

**CERTIFICATE OF AUTHENTICATION**

This temporary Global Note is authenticated  
by or on behalf of the Issuing and Paying Agent.

**HSBC BANK PLC**

as Issuing and Paying Agent

By:

Authorised Signatory

For the purposes of authentication only.

## **THE FIRST SCHEDULE**

### **NOMINAL AMOUNT OF NOTES REPRESENTED BY THIS TEMPORARY GLOBAL NOTE**

The following (i) issue of Notes initially represented by this temporary Global Note, (ii) exchanges of the whole or a part of this temporary Global Note for interests in a permanent Global Note, for Definitive Notes or for Registered Notes and/or (iii) cancellations or forfeitures of interests in this temporary Global Note have been made, resulting in the nominal amount of this temporary Global Note specified in the latest entry in the fourth column below:

<b>Date</b>	<b>Amount of decrease in nominal amount of this temporary Global Note</b>	<b>Reason for decrease in nominal amount of this temporary Global Note (exchange, cancellation or forfeiture)</b>	<b>Nominal amount of this temporary Global Note on issue or following such decrease</b>	<b>Notation made by or on behalf of the Issuing and Paying Agent</b>
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## **THE SECOND SCHEDULE**

**[Insert the provisions of the relevant Final Terms that relate to the Conditions or the Global Notes as the Second Schedule]**

## PART 2

### FORM OF CGN PERMANENT GLOBAL NOTE

**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.**

#### **PRINCIPALITY BUILDING SOCIETY**

*(Incorporated in England and Wales under the Building Societies Act 1986 with Registered Number 155998)*

#### **EURO MEDIUM TERM NOTE PROGRAMME**

#### **PERMANENT GLOBAL NOTE**

**Permanent Global Note No. [    ]**

This permanent Global Note is issued in respect of the Notes (the **Notes**) of the Tranche(s) and Series specified in the Third Schedule hereto of Principality Building Society (the **Issuer**) [and relates to money which has been deposited with the Issuer].

#### **Interpretation and Definitions**

References in this permanent Global Note to the "Conditions" are to the Terms and Conditions applicable to the Notes (which are in the form set out in Schedule 2 Part 3 to the Amended and Restated Trust Deed dated 26 April 2023 (as amended, supplemented and/or restated as at the Issue Date, the **Trust Deed**) between the Issuer and HSBC Corporate Trustee Company (UK) Limited as trustee, as such form is supplemented and/or modified and/or superseded by the provisions of this permanent Global Note (including the supplemental definitions and any modifications or additions set out in the Third Schedule hereto), which in the event of any conflict shall prevail). Other capitalised terms used in this permanent Global Note shall have the meanings given to them in the Conditions or the Trust Deed.

#### **Aggregate Nominal Amount**

The aggregate nominal amount from time to time of this permanent Global Note shall be an amount equal to the aggregate nominal amount of the Notes as shall be shown by the latest entry in the fourth column of the First Schedule hereto, which shall be completed by or on behalf of the Issuing and Paying Agent upon (i) the exchange of the whole or a part of the temporary Global Note initially representing the Notes for a corresponding interest herein (in the case of Notes represented by a temporary Global Note upon issue), (ii) the issue of the Notes represented hereby (in the case of Notes represented by this permanent Global Note upon issue), (iii) the exchange of the whole or, where the limited circumstances so permit, a part of this permanent Global Note for Definitive Notes or Registered Notes and/or (iv) the redemption or purchase and cancellation of Notes represented hereby.

#### **Promise to Pay**

Subject as provided herein, the Issuer, for value received, hereby promises to pay to the bearer of this permanent Global Note, upon presentation and (when no further payment is due in respect of this permanent Global Note) surrender of this permanent Global Note, on the Maturity Date (or on such earlier date as the amount payable upon redemption under the Conditions may become repayable in accordance with the Conditions) the amount payable upon redemption under the Conditions in respect of the Notes represented by this permanent Global Note and (unless this permanent Global Note does not bear interest) to pay interest

in respect of such aggregate nominal amount of Notes from the Interest Commencement Date in arrear at the rates, on the dates for payment, and in accordance with the methods of calculation provided for in the Conditions, save that the calculation is made in respect of the total aggregate amount of the Notes, together with such other sums and additional amounts (if any) as may be payable under the Conditions, in accordance with the Conditions.

## **Exchange**

This permanent Global Note is exchangeable (free of charge to the holder) on or after the Exchange Date in whole but not, except as provided in the next paragraph, in part for the Definitive Notes or (if this permanent Global Note is an Exchangeable Bearer Note) Registered Notes represented by the Certificates described below:

- (a) if this permanent Global Note is an Exchangeable Bearer Note, by the holder hereof giving notice to the Issuing and Paying Agent of its election to exchange the whole or a part of this permanent Global Note for Registered Notes or
- (b) if this permanent Global Note is held on behalf of Euroclear or Clearstream, Luxembourg or any other clearing system (an **Alternative Clearing System**) and any such clearing system is closed for business for a continuous period of 14 days (other than by reason of holidays, statutory or otherwise) or announces an intention permanently to cease business or does in fact do so and no successor clearing system is available.

This permanent Global Note is exchangeable in part (provided, however, that if this permanent Global Note is held by or on behalf of Euroclear and/or Clearstream, Luxembourg, the rules of Euroclear and/or Clearstream, Luxembourg, as the case may be, so permit) if this permanent Global Note is an Exchangeable Bearer Note and the part hereof submitted for exchange is to be exchanged for Registered Notes.

**Exchange Date** means a day falling not less than 60 days, or in the case of an exchange for Registered Notes five days, after that on which the notice requiring exchange is given and on which banks are open for business in the city in which the specified office of the Issuing and Paying Agent is located and, except in the case of exchange pursuant to 3 above, in the cities in which Euroclear and Clearstream, Luxembourg and/or, if relevant, the Alternative Clearing System, are located.

Subject as provided in the Conditions applicable to Party Paid Notes, any such exchange may be effected on or after an Exchange Date by the holder of this permanent Global Note surrendering this permanent Global Note or, in the case of a partial exchange, presenting it for endorsement to or to the order of the Issuing and Paying Agent. In exchange for this permanent Global Note, or part thereof to be exchanged, the Issuer shall deliver, or procure the delivery of, duly executed and authenticated Definitive Notes and/or (if this permanent Global Note is an Exchangeable Bearer Note) Certificates in an aggregate nominal amount equal to the nominal amount of this permanent Global Note submitted for exchange (if appropriate, having attached to them all Coupons (and, where appropriate, Talons) in respect of interest that has not already been paid on this permanent Global Note), security printed or, in the case of Certificates, printed in accordance with any applicable legal and stock exchange requirements and substantially in the form set out in Schedule 2 to the Trust Deed as supplemented and/or modified and/or superseded by the terms of the Third Schedule hereto. Certificates issued upon exchange for Registered Notes shall not be Global Certificates unless the holder so requests and certifies to the Issuing and Paying Agent that it is, or is acting as a nominee for, Clearstream, Luxembourg, Euroclear and/or an Alternative Clearing System.

On any exchange of a part of this permanent Global Note the portion of the nominal amount hereof so exchanged shall be endorsed by or on behalf of the Issuing and Paying Agent in the First Schedule hereto, whereupon the nominal amount hereof shall be reduced for all purposes by the amount so exchanged and endorsed.

## **Benefit of Conditions**

Except as otherwise specified herein, this permanent Global Note is subject to the Conditions and the Trust Deed and, until the whole of this permanent Global Note is exchanged for Definitive Notes or Registered Notes, the holder of this permanent Global Note shall in all respects be entitled to the same benefits as if it were the holder of the Definitive Notes for which it may be exchanged and as if such Definitive Notes had been issued on the Issue Date.

## **Payments**

No person shall be entitled to receive any payment in respect of the Notes represented by this permanent Global Note that falls due after an Exchange Date for such Notes, unless upon due presentation of this permanent Global Note for exchange, delivery of Definitive Notes or Certificates is improperly withheld or refused by or on behalf of the Issuer or the Issuer does not perform or comply with any one or more of what are expressed to be its obligations under any Definitive Notes.

Payments in respect of this permanent Global Note shall be made to or to the order of its holder against presentation and (if no further payment falls to be made on it) surrender of it at the specified office of the Issuing and Paying Agent or of any other Paying Agent provided for in the Conditions. A record of each such payment shall be endorsed on the First or Second Schedule hereto, as appropriate, by the Issuing and Paying Agent or by the relevant Paying Agent, for and on behalf of the Issuing and Paying Agent, which endorsement shall (until the contrary is proved) be prima facie evidence that the payment in question has been made.

For the purposes of any payments made in respect of this permanent Global Note, the words "in the relevant place of presentation" shall not apply in the definition of **business day** in Condition 7(h) (*Non-Business Days*).

## **Prescription**

Claims in respect of principal and interest (as each is defined in the Conditions) in respect of this permanent Global Note shall become void unless it is presented for payment within a period of 10 years (in the case of principal) and 5 years (in the case of interest) from the appropriate Relevant Date.

## **Meetings**

For the purposes of any meeting of Noteholders, the holder of this permanent Global Note shall (unless this permanent Global Note represents only one Note) be treated as two persons for the purposes of any quorum requirements of a meeting of Noteholders and, at any such meeting, as having one vote in respect of each integral currency unit of the Specified Currency of the Notes.

## **Cancellation**

Cancellation of any Note represented by this permanent Global Note that is required by the Conditions to be cancelled (other than upon its redemption) shall be effected by reduction in the nominal amount of this permanent Global Note representing such Note on its presentation to or to the order of the Issuing and Paying Agent for endorsement in the First Schedule hereto, whereupon the nominal amount hereof shall be reduced for all purposes by the amount so cancelled and endorsed.

## **Purchase**

Notes may only be purchased by the Issuer or any of its Subsidiaries if they are purchased together with the right to receive all future payments of interest thereon.

## **Issuer's Options**

Any option of the Issuer provided for in the Conditions shall be exercised by the Issuer giving notice to the Noteholders within the time limits set out in and containing the information required by the Conditions, except that the notice shall not be required to contain the serial numbers of Notes drawn in the case of a partial exercise of an option and accordingly no drawing of Notes shall be required.

## **Noteholders' Options**

Any option of the Noteholders provided for in the Conditions may be exercised by the holder of this permanent Global Note giving notice to the Issuing and Paying Agent within the time limits relating to the deposit of Notes with a Paying Agent set out in the Conditions substantially in the form of the notice available from any Paying Agent, except that the notice shall not be required to contain the certificate numbers of the Notes in respect of which the option has been exercised, and stating the nominal amount of Notes in respect of which the option is exercised and at the same time presenting this permanent Global Note to the Issuing and Paying Agent, or to a Paying Agent acting on behalf of the Issuing and Paying Agent, for notation accordingly in the Fourth Schedule hereto.

## **Notices**

Notices required to be given in respect of the Notes represented by this permanent Global Note may be given by their being delivered (so long as this permanent Global Note is held on behalf of Euroclear, Clearstream, Luxembourg or any other clearing system) to Euroclear, Clearstream, Luxembourg or such other clearing system, as the case may be, or otherwise to the holder of this permanent Global Note, rather than by publication as required by the Conditions. Any such notice shall be deemed to have been given on the date on which such notice is first provided to the relevant clearing system(s).

## **Negotiability**

This permanent Global Note is a bearer document and negotiable and accordingly:

- (a) is freely transferable by delivery and such transfer shall operate to confer upon the transferee all rights and benefits appertaining hereto and to bind the transferee with all obligations appertaining hereto pursuant to the Conditions
- (b) the holder of this permanent Global Note is and shall be absolutely entitled as against all previous holders to receive all amounts by way of amounts payable upon redemption, interest or otherwise payable in respect of this permanent Global Note and the Issuer has waived against such holder and any previous holder of this permanent Global Note all rights of set-off or counterclaim that would or might otherwise be available to it in respect of the obligations evidenced by this permanent Global Note and
- (c) payment upon due presentation of this permanent Global Note as provided herein shall operate as a good discharge against such holder and all previous holders of this permanent Global Note.

No provisions of this permanent Global Note shall alter or impair the obligation of the Issuer to pay the principal and premium of and interest on the Notes when due in accordance with the Conditions.

This permanent Global Note shall not be valid or become obligatory for any purpose until authenticated by or on behalf of the Issuing and Paying Agent.

This permanent Global Note and any non-contractual obligations arising out of or in connection with it shall be governed by and construed in accordance with English law.

In witness whereof the Issuer has caused this permanent Global Note to be duly signed on its behalf.

Dated as of the Issue Date.

**PRINCIPALITY BUILDING SOCIETY**

By:

**CERTIFICATE OF AUTHENTICATION**

This permanent Global Note is authenticated  
by or on behalf of the Issuing and Paying Agent.

**HSBC BANK PLC**

as Issuing and Paying Agent

By:

Authorised Signatory  
For the purposes of authentication only.

## **THE FIRST SCHEDULE**

### **NOMINAL AMOUNT OF NOTES REPRESENTED BY THIS PERMANENT GLOBAL NOTE**

The following (i) issues of Notes initially represented by this permanent Global Note, (ii) exchanges of interests in a temporary Global Note for interests in this permanent Global Note, (iii) exchanges of the whole or a part of this permanent Global Note for Definitive Notes or for Registered Notes, (iv) cancellations or forfeitures of interests in this permanent Global Note and/or (v) payments of amounts payable upon redemption in respect of this permanent Global Note have been made, resulting in the nominal amount of this permanent Global Note specified in the latest entry in the fourth column:

<b>Date</b>	<b>Amount of increase/decrease in nominal amount of this permanent Global Note</b>	<b>Reason for increase/decrease in nominal amount of this permanent Global Note (initial issue, exchange, cancellation, forfeiture or payment, stating amount of payment made)</b>	<b>Nominal amount of this permanent Global Note following such increase/decrease</b>	<b>Notation made by or on behalf of the Issuing and Paying Agent</b>
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**THE SECOND SCHEDULE**

**PAYMENTS OF INTEREST**

The following payments of interest or Interest Amounts in respect of this permanent Global Note have been made:

<b>Due date of payment</b>	<b>Date of payment</b>	<b>Amount of interest or Interest Amount</b>	<b>Notation made by or on behalf of the Issuing and Paying Agent</b>
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### **THE THIRD SCHEDULE**

[Insert the provisions of Part A of the relevant Final Terms that relate to the Conditions or the Global Notes as the Third Schedule.]

## **THE FOURTH SCHEDULE**

### **EXERCISE OF NOTEHOLDERS' OPTION**

The following exercises of the option of the Noteholders provided for in the Conditions have been made in respect of the stated nominal amount of this permanent Global Note:

<b>Date of exercise</b>	<b>Nominal amount of this permanent Global Note in respect of which exercise is made</b>	<b>Date on which exercise of such option is effective</b>	<b>Notation made by or on behalf of the Issuing and Paying Agent</b>
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## PART 3

### FORM OF NGN TEMPORARY GLOBAL NOTE

#### PRINCIPALITY BUILDING SOCIETY

*(Incorporated in England and Wales under the Building Societies Act 1986  
with Registered Number 155998)*

### EURO MEDIUM TERM NOTE PROGRAMME

#### TEMPORARY GLOBAL NOTE

Temporary Global Note No. [     ]

This temporary Global Note is issued in respect of the Notes (the **Notes**) of the Tranche and Series specified in the Schedule hereto of Principality Building Society (the **Issuer**) [and relates to money which has been deposited with the Issuer]

#### Interpretation and Definitions

References in this temporary Global Note to the "Conditions" are to the Terms and Conditions applicable to the Notes (which are in the form set out in Schedule 2 Part 3 to the Amended and Restated Trust Deed dated 26 April 2023 (as amended, supplemented and/or restated as at the Issue Date, the **Trust Deed**), between the Issuer and HSBC Corporate Trustee Company (UK) Limited as trustee, as such form is supplemented and/or modified and/or superseded by the provisions of this temporary Global Note (including the supplemental definitions and any modifications or additions set out in the Schedule hereto), which in the event of any conflict shall prevail). Other capitalised terms used in this temporary Global Note shall have the meanings given to them in the Conditions or the Trust Deed. If the Schedule hereto specifies that the applicable TEFRA exemption is either "C Rules" or "not applicable", this temporary Global Note is a "C Rules Note", otherwise this temporary Global Note is a "D Rules Note".

#### Aggregate Nominal Amount

The aggregate nominal amount from time to time of this temporary Global Note shall be an amount equal to the aggregate nominal amount of the Notes from time to time entered in the records of both Euroclear and Clearstream, Luxembourg (together the **relevant Clearing Systems**), which shall be completed and/or amended, as the case may be, upon (i) the issue of Notes represented hereby, (ii) the exchange of the whole or a part of this temporary Global Note for a corresponding interest recorded in the records of the relevant Clearing Systems in a permanent Global Note or, as the case may be, for Definitive Notes or Registered Notes and/or (iii) the redemption or purchase and cancellation of Notes represented hereby.

The records of the relevant Clearing Systems (which expression in this temporary Global Note means the records that each relevant Clearing System holds for its customers which reflect the amount of such customers' interests in the Notes) shall be conclusive evidence of the nominal amount of the Notes represented by this temporary Global Note and, for these purposes, a statement issued by a relevant Clearing System (which statement shall be made available to the bearer upon request) stating the nominal amount of Notes represented by the temporary Global Note at any time shall be conclusive evidence of the records of the relevant Clearing Systems at that time.

#### Promise to Pay

Subject as provided herein, the Issuer, for value received, promises to pay to the bearer of this temporary Global Note, upon presentation and (when no further payment is due in respect of this temporary Global

Note) surrender of this temporary Global Note, on the Maturity Date (or on such earlier date as the amount payable upon redemption under the Conditions may become repayable in accordance with the Conditions) the amount payable upon redemption under the Conditions in respect of the aggregate nominal amount of Notes represented by this temporary Global Note and (unless this temporary Global Note does not bear interest) to pay interest in respect of the Notes from the Interest Commencement Date in arrear at the rates, on the dates for payment, and in accordance with the methods of calculation provided for in the Conditions, save that the calculation is made in respect of the total aggregate amount of the Notes, together with such other sums and additional amounts (if any) as may be payable under the Conditions, in accordance with the Conditions.

## **Exchange**

If this temporary Global Note is an Exchangeable Bearer Note, this temporary Global Note may be exchanged in whole or from time to time in part for one or more Registered Notes in accordance with the Conditions on or after the Issue Date but before the Exchange Date referred to below by its presentation to the Issuing and Paying Agent. On or after the Exchange Date, the outstanding nominal amount of this temporary Global Note may be exchanged for Definitive Notes and Registered Notes in accordance with the next paragraph.

On or after the first day following the expiry of 40 days after the Issue Date (the **Exchange Date**), this temporary Global Note may be exchanged (free of charge to the holder) in whole or (in the case of a D Rules Note only) from time to time in part by its presentation and, on exchange in full, surrender to or to the order of the Issuing and Paying Agent for interests recorded in the records of the relevant Clearing Systems in a permanent Global Note or, if so specified in the Schedule hereto, for Definitive Notes and (if this temporary Global Note is an Exchangeable Bearer Note), in each case, for Registered Notes in an aggregate nominal amount equal to the nominal amount of this temporary Global Note submitted for exchange provided that, in the case of any part of a D Rules Note submitted for exchange for interests recorded in the records of the relevant Clearing Systems in a permanent Global Note or Definitive Notes, there shall have been Certification with respect to such nominal amount submitted for such exchange dated no earlier than the Exchange Date.

**Certification** means the presentation to the Issuing and Paying Agent of a certificate or certificates with respect to one or more interests in this temporary Global Note, signed by Euroclear or Clearstream, Luxembourg, substantially to the effect set out in Schedule 4 to the Agency Agreement to the effect that it has received a certificate or certificates substantially to the effect set out in Schedule 3 to the Agency Agreement with respect thereto and that no contrary advice as to the contents thereof has been received by Euroclear or Clearstream, Luxembourg, as the case may be.

Upon the whole or a part of this temporary Global Note being exchanged for a permanent Global Note, such permanent Global Note shall be exchangeable in accordance with its terms for Definitive Notes or Registered Notes, as the case may be.

The Definitive Notes or the Certificates representing the Registered Notes for which this temporary Global Note or a permanent Global Note may be exchangeable shall be duly executed and authenticated, shall, in the case of Definitive Notes, have attached to them all Coupons (and, where appropriate, Talons) in respect of interest that has not already been paid on this temporary Global Note or the permanent Global Note, as the case may be, shall be security printed or, in the case of Certificates, printed in accordance with applicable legal and stock exchange requirements and shall be substantially in the form set out in the Schedules to the Trust Deed as supplemented and/or modified and/or superseded by the terms of the Schedule hereto. Certificates issued upon exchange for Registered Notes shall not be Global Certificates unless the holder so requests and certifies to the Issuing and Paying Agent that it is, or is acting as a nominee for, Clearstream, Luxembourg, Euroclear and/or any other clearing system.

On any exchange of a part of this temporary Global Note for an equivalent interest recorded in the records of the relevant Clearing Systems in a permanent Global Note, for Definitive Notes or for Registered Notes, as the case may be, the Issuer shall procure that details of the portion of the nominal amount hereof so exchanged shall be entered *pro rata* in the records of the relevant Clearing Systems and upon any such entry being made, the nominal amount of the Notes recorded in the records of the relevant Clearing Systems and represented by this temporary Global Note shall be reduced by an amount equal to such portion so exchanged.

### **Benefit of Conditions**

Except as otherwise specified herein, this temporary Global Note is subject to the Conditions and the Trust Deed and, until the whole of this temporary Global Note is exchanged for equivalent interests in a permanent Global Note, for Definitive Notes or for Registered Notes, as the case may be, the holder of this temporary Global Note shall in all respects be entitled to the same benefits as if it were the holder of the permanent Global Note (or the relevant part of it) or the Definitive Notes, as the case may be, for which it may be exchanged as if such permanent Global Note or Definitive Notes had been issued on the Issue Date.

### **Payments**

No person shall be entitled to receive any payment in respect of the Notes represented by this temporary Global Note that falls due on or after the Exchange Date unless, upon due presentation of this temporary Global Note for exchange, delivery of (or, in the case of a subsequent exchange, a corresponding entry being recorded in the records of the relevant Clearing Systems) a permanent Global Note or delivery of Definitive Notes or Certificates, as the case may be, is improperly withheld or refused by or on behalf of the Issuer.

Payments due in respect of a D Rules Note before the Exchange Date shall only be made in relation to such nominal amount of this temporary Global Note with respect to which there shall have been Certification dated no earlier than such due date for payment.

Any payments that are made in respect of this temporary Global Note shall be made to or to the order of its holder against presentation and (if no further payment falls to be made on it) surrender of it at the specified office of the Issuing and Paying Agent or of any other Paying Agent provided for in the Conditions and each payment so made will discharge the Issuer's obligations in respect thereof. Any failure to make the entries in the records of the relevant Clearing Systems referred to herein shall not affect such discharge. If any payment in full or in part of principal is made in respect of any Note represented by this temporary Global Note, the Issuer shall procure that details of such payment shall be entered *pro rata* in the records of the relevant Clearing Systems and, upon any such entry being made, the nominal amount of the Notes recorded in the records of the relevant Clearing Systems and represented by this temporary Global Note shall be reduced by the aggregate nominal amount of the Notes so redeemed. If any other payments are made in respect of the Notes represented by this temporary Global Note, the Issuer shall procure that a record of each such payment shall be entered *pro rata* in the records of the relevant Clearing Systems.

For the purposes of any payments made in respect of this temporary Global Note, the words "in the relevant place of presentation" shall not apply in the definition of "business day" in Condition 7(h) (*Non-Business Days*).

### **Cancellation**

On cancellation of any Note represented by this temporary Global Note that is required by the Conditions to be cancelled (other than upon its redemption), the Issuer shall procure that details of such cancellation shall be entered *pro rata* in the records of the relevant Clearing systems and, upon any such entry being made, the nominal amount of the Note recorded in the records of the relevant Clearing Systems and represented by this temporary Global Note shall be reduced by the aggregate nominal amount of the Notes so cancelled.

## **Notices**

Notices required to be given in respect of the Notes represented by this temporary Global Note may be given by their being delivered (so long as this temporary Global Note is held on behalf of Euroclear and/or Clearstream, Luxembourg or any other permitted clearing system) to Euroclear, Clearstream, Luxembourg or such other permitted clearing system, as the case may be, or otherwise to the holder of this temporary Global Note, rather than by publication as required by the Conditions. Any such notice shall be deemed to have been given on the date on which such notice is first provided to the relevant clearing system(s).

No provision of this temporary Global Note shall alter or impair the obligation of the Issuer to pay the principal and premium of and interest on the Notes when due in accordance with the Conditions.

This temporary Global Note shall not be valid or become obligatory for any purpose until authenticated by or on behalf of the Issuing and Paying Agent and effectuated by the entity appointed as Common Safekeeper by the relevant Clearing Systems.

This temporary Global Note and any non-contractual obligations arising out of or in connection with it shall be governed by and construed in accordance with English law.

**In witness** whereof the Issuer has caused this temporary Global Note to be duly signed on its behalf.

Dated as of the Issue Date.

**PRINCIPALITY BUILDING SOCIETY**

By:

**CERTIFICATE OF AUTHENTICATION**

This temporary Global Note is authenticated  
by or on behalf of the Issuing and Paying Agent.

**HSBC BANK PLC**

as Issuing and Paying Agent

By:

Authorised Signatory

For the purposes of authentication only.

**Effectuation**

This temporary Global Note  
is effectuated by or on behalf of the Common Safekeeper.

**[COMMON SAFEKEEPER]**

as Common Safekeeper

By:

Authorised Signatory

For the purposes of effectuation only.

## **THE SCHEDULE**

[Insert the provisions of the relevant Final Terms that relate to the Conditions or the Global Notes as the Schedule]



## PART 4

### FORM OF NGN PERMANENT GLOBAL NOTE

**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.**

### PRINCIPALITY BUILDING SOCIETY

*(Incorporated in England and Wales under the Building Societies Act 1986  
with Registered Number 155998)*

### EURO MEDIUM TERM NOTE PROGRAMME

#### PERMANENT GLOBAL NOTE

**Permanent Global Note No. [     ]**

This permanent Global Note is issued in respect of the Notes (the **Notes**) of the Tranche(s) and Series specified in the Schedule hereto of Principality Building Society (the **Issuer**) [and relates to money which has been deposited with the Issuer].

#### **Interpretation and Definitions**

References in this permanent Global Note to the "Conditions" are to the Terms and Conditions applicable to the Notes (which are in the form set out in Schedule 2 Part 3 to the Amended and Restated Trust Deed dated 26 April 2023 (as amended, supplemented and/or restated as at the Issue Date, the **Trust Deed**) between the Issuer and HSBC Corporate Trustee Company (UK) Limited as trustee, as such form is supplemented and/or modified and/or superseded by the provisions of this permanent Global Note (including the supplemental definitions and any modifications or additions set out in the Schedule hereto), which in the event of any conflict shall prevail). Other capitalised terms used in this permanent Global Note shall have the meanings given to them in the Conditions or the Trust Deed.

#### **Aggregate Nominal Amount**

The aggregate nominal amount from time to time of this permanent Global Note shall be an amount equal to the aggregate nominal amount of the Notes from time to time entered in the records of both Euroclear and Clearstream, Luxembourg (together, the **relevant Clearing Systems**), which shall be completed and/or amended as the case may be upon (i) the exchange of the whole or a part of the interests recorded in the records of the relevant Clearing Systems in the temporary Global Note initially representing the Notes for a corresponding interest herein (in the case of Notes represented by a temporary Global Note upon issue), (ii) the issue of the Notes represented hereby (in the case of Notes represented by this permanent Global Note upon issue), (iii) the exchange of the whole or, where the limited circumstances so permit, a part of this permanent Global Note for Definitive Notes or Registered Notes and/or (iv) the redemption or purchase and cancellation of Notes represented hereby.

The records of the relevant Clearing Systems (which expression in this permanent Global Note means the records that each relevant Clearing System holds for its customers which reflect the amount of such customers' interests in the Notes) shall be conclusive evidence of the nominal amount of the Notes represented by this permanent Global Note and, for these purposes, a statement issued by a relevant Clearing System (which statement shall be made available to the bearer upon request) stating the nominal amount of Notes represented by this permanent Global Note at any time shall be conclusive evidence of the records of the relevant Clearing System at that time.

### **Promise to Pay**

Subject as provided herein, the Issuer, for value received, hereby promises to pay to the bearer of this permanent Global Note, upon presentation and (when no further payment is due in respect of this permanent Global Note) surrender of this permanent Global Note, on the Maturity Date (or on such earlier date as the amount payable upon redemption under the Conditions may become repayable in accordance with the Conditions) the amount payable upon redemption under the Conditions in respect of the Notes represented by this permanent Global Note and (unless this permanent Global Note does not bear interest) to pay interest in respect of such aggregate nominal amount of Notes from the Interest Commencement Date in arrear at the rates, on the dates for payment, and in accordance with the methods of calculation provided for in the Conditions, save that the calculation is made in respect of the total aggregate amount of the Notes, together with such other sums and additional amounts (if any) as may be payable under the Conditions, in accordance with the Conditions.

### **Exchange**

This permanent Global Note is exchangeable (free of charge to the holder) on or after the Exchange Date in whole but not, except as provided in the next paragraph, in part for the Definitive Notes or (if this permanent Global Note is an Exchangeable Bearer Note) Registered Notes represented by the Certificates described below:

- (a) if this permanent Global Note is an Exchangeable Bearer Note, by the holder hereof giving notice to the Issuing and Paying Agent of its election to exchange the whole or a part of this permanent Global Note for Registered Notes or
- (b) if this permanent Global Note is held on behalf of Euroclear or Clearstream, Luxembourg or any other permitted clearing system (an **Alternative Clearing System**) and any such clearing system is closed for business for a continuous period of 14 days (other than by reason of holidays, statutory or otherwise) or announces an intention permanently to cease business or does in fact do so and no successor clearing system is available.

This permanent Global Note is exchangeable in part (provided, however, that if this permanent Global Note is held by or on behalf of Euroclear and/or Clearstream, Luxembourg, the rules of Euroclear and/or Clearstream, Luxembourg, as the case may be, so permit) if this permanent Global Note is an Exchangeable Bearer Note and the part hereof submitted for exchange is to be exchanged for Registered Notes.

**Exchange Date** means a day falling not less than 60 days, or in the case of an exchange for Registered Notes five days, after that on which the notice requiring exchange is given and on which banks are open for business in the city in which the specified office of the Issuing and Paying Agent is located and, except in the case of exchange pursuant to 3 above, in the cities in which Euroclear and Clearstream, Luxembourg and/or, if relevant, the Alternative Clearing System, are located.

Subject as provided in the Conditions applicable to Party Paid Notes, any such exchange may be effected on or after an Exchange Date by the holder of this permanent Global Note surrendering this permanent Global Note or, in the case of a partial exchange, presenting it to or to the order of the Issuing and Paying Agent. In exchange for this permanent Global Note, or part thereof to be exchanged, the Issuer shall deliver, or procure

the delivery of, duly executed and authenticated Definitive Notes and/or (if this permanent Global Note is an Exchangeable Bearer Note) Certificates in an aggregate nominal amount equal to the nominal amount of this permanent Global Note submitted for exchange (if appropriate, having attached to them all Coupons (and, where appropriate, Talons) in respect of interest that has not already been paid on this permanent Global Note), security printed or, in the case of Certificates, printed in accordance with any applicable legal and stock exchange requirements and substantially in the form set out in Schedule 2 to the Trust Deed as supplemented and/or modified and/or superseded by the terms of the Schedule hereto. Certificates issued upon exchange for Registered Notes shall not be Global Certificates unless the holder so requests and certifies to the Issuing and Paying Agent that it is, or is acting as a nominee for, Clearstream, Luxembourg, Euroclear and/or an Alternative Clearing System.

On any exchange of a part of this permanent Global Note, the Issuer shall procure that the portion of the nominal amount hereof so exchanged shall be entered *pro rata* in the records of the relevant Clearing Systems and upon any such entry being made, the nominal amount of the Notes recorded in the records of the relevant Clearing Systems and represented by this permanent Global Note shall be reduced by an amount equal to such portion so exchanged.

### **Benefit of Conditions**

Except as otherwise specified herein, this permanent Global Note, the Issuer shall procure that is subject to the Conditions and the Trust Deed and, until the whole of this permanent Global Note is exchanged for Definitive Notes or Registered Notes, the holder of this permanent Global Note shall in all respects be entitled to the same benefits as if it were the holder of the Definitive Notes for which it may be exchanged and as if such Definitive Notes had been issued on the Issue Date.

### **Payments**

No person shall be entitled to receive any payment in respect of the Notes represented by this permanent Global Note that falls due after an Exchange Date for such Notes, unless upon due presentation of this permanent Global Note for exchange, delivery of Definitive Notes or Certificates is improperly withheld or refused by or on behalf of the Issuer or the Issuer does not perform or comply with any one or more of what are expressed to be its obligations under any Definitive Notes.

Payments in respect of this permanent Global Note shall be made to or to the order of its holder against presentation and (if no further payment falls to be made on it) surrender of it at the specified office of the Issuing and Paying Agent or of any other Paying Agent provided for in the Conditions and each payment so made will discharge the Issuer's obligations in respect thereof. Any failure to make the entries in the records of the relevant Clearing Systems referred to herein shall not affect such discharge. The Issuer shall procure that details of each such payment shall be entered *pro rata* in the records of the relevant Clearing Systems and in the case of any payment of principal, upon any such entry being made, the nominal amount of the Notes recorded in the records of the relevant Clearing Systems and represented by this permanent Global Note shall be reduced by the aggregate nominal amount of the Notes so redeemed.

For the purposes of any payments made in respect of this permanent Global Note, the words "in the relevant place of presentation" shall not apply in the definition of "business day" in Condition 7(h) (*Non-Business Days*).

### **Prescription**

Claims in respect of principal and interest (as each is defined in the Conditions) in respect of this permanent Global Note shall become void unless it is presented for payment within a period of 10 years (in the case of principal) and 5 years (in the case of interest) from the appropriate Relevant Date.

## **Meetings**

For the purposes of any meeting of Noteholders, the holder of this permanent Global Note shall (unless this permanent Global Note represents only one Note) be treated as two persons for the purposes of any quorum requirements of a meeting of Noteholders and, at any such meeting, as having one vote in respect of each integral currency unit of the Specified Currency of the Notes.

## **Cancellation**

On cancellation of any Note represented by this permanent Global Note that is required by the Conditions to be cancelled (other than upon its redemption), the Issuer shall procure that details of such cancellation shall be entered *pro rata* in the records of the relevant Clearing Systems and, upon any such entry being made, the nominal amount of the Notes recorded in the records of the relevant Clearing Systems and represented by this permanent Global Note shall be reduced by the aggregate nominal amount of the Notes so cancelled.

## **Purchase**

Notes may only be purchased by the Issuer or any of its Subsidiaries if they are purchased together with the right to receive all future payments of interest thereon.

## **Issuer's Options**

Any option of the Issuer provided for in the Conditions shall be exercised by the Issuer giving notice to the Noteholders and the relevant Clearing Systems (or procuring that such notice is given on its behalf) within the time limits set out in and containing the information required by the Conditions, except that the notice shall not be required to contain the serial numbers of Notes drawn in the case of a partial exercise of an option and accordingly no drawing of Notes shall be required. In the case of a partial exercise of an option, the rights of accountholders with a clearing system in respect of the Notes will be governed by the standard procedures of Euroclear and/or Clearstream, Luxembourg and shall be reflected in the records of Euroclear and/or Clearstream, Luxembourg as either a pool factor or a reduction in nominal amount, at their discretion. Following the exercise of any such option, the Issuer shall procure that the nominal amount of the Notes recorded in the records of the relevant Clearing Systems and represented by this permanent Global Note shall be reduced accordingly.

## **Noteholders' Options**

Any option of the Noteholders provided for in the Conditions may be exercised by the holder of this permanent Global Note giving notice to the Issuing and Paying Agent within the time limits relating to the deposit of Notes with a Paying Agent set out in the Conditions substantially in the form of the notice available from any Paying Agent, except that the notice shall not be required to contain the certificate numbers of the Notes in respect of which the option has been exercised. Following the exercise of any such option, the Issuer shall procure that the nominal amount of the Notes recorded in the records of the relevant Clearing Systems and represented by this permanent Global Note shall be reduced by the aggregate nominal amount stated in the relevant exercise notice.

## **Notices**

Notices required to be given in respect of the Notes represented by this permanent Global Note may be given by their being delivered (so long as this permanent Global Note is held on behalf of Euroclear and/or Clearstream, Luxembourg and/or an Alternative Clearing System) to Euroclear, Clearstream, Luxembourg and/or such Alternative Clearing System, as the case may be, or otherwise to the holder of this permanent Global Note, rather than by publication as required by the Conditions. Any such notice shall be deemed to have been given on the date on which such notice is first provided to the relevant clearing system(s).

## **Negotiability**

This permanent Global Note is a bearer document and negotiable and accordingly:

- (a) is freely transferable by delivery and such transfer shall operate to confer upon the transferee all rights and benefits appertaining hereto and to bind the transferee with all obligations appertaining hereto pursuant to the Conditions
- (b) the holder of this permanent Global Note is and shall be absolutely entitled as against all previous holders to receive all amounts by way of amounts payable upon redemption, interest or otherwise payable in respect of this permanent Global Note and the Issuer has waived against such holder and any previous holder of this permanent Global Note all rights of set-off or counterclaim that would or might otherwise be available to it in respect of the obligations evidenced by this permanent Global Note and
- (c) payment upon due presentation of this permanent Global Note as provided herein shall operate as a good discharge against such holder and all previous holders of this permanent Global Note.

No provisions of this permanent Global Note shall alter or impair the obligation of the Issuer to pay the principal and premium of and interest on the Notes when due in accordance with the Conditions.

This permanent Global Note shall not be valid or become obligatory for any purpose until authenticated by or on behalf of the Issuing and Paying Agent and effectuated by the entity appointed as Common Safekeeper by the relevant Clearing Systems.

This permanent Global Note and any non-contractual obligations arising out of or in connection with it shall be governed by and construed in accordance with English law.

In witness whereof the Issuer has caused this permanent Global Note to be duly signed on its behalf.

Dated as of the Issue Date.

**PRINCIPALITY BUILDING SOCIETY**

By:

## **CERTIFICATE OF AUTHENTICATION**

This permanent Global Note is authenticated  
by or on behalf of the Issuing and Paying Agent.

### **HSBC BANK PLC**

as Issuing and Paying Agent

By:

Authorised Signatory  
For the purposes of authentication only.

## **Effectuation**

This permanent Global Note  
is effectuated by or on behalf of the Common Safekeeper.

### **[COMMON SAFEKEEPER]**

as Common Safekeeper

By:

Authorised Signatory  
For the purposes of effectuation only.

## **THE SCHEDULE**

[Insert the provisions of Part A of the relevant Final Terms that relate to the Conditions or the Global Notes as the Schedule.]

## PART 5

### FORM OF GLOBAL CERTIFICATE

**[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.]<sup>1</sup>**

#### PRINCIPALITY BUILDING SOCIETY

*(Incorporated in England and Wales under the Building Societies Act 1986 with Registered Number 155998)*

#### EURO MEDIUM TERM NOTE PROGRAMME

#### GLOBAL CERTIFICATE

Global Certificate No. [    ]

This Global Certificate is issued in respect of the nominal amount specified above of the Notes (the **Notes**) of the Tranche and Series specified in the Schedule hereto of Principality Building Society (the **Issuer**). This Global Certificate certifies that person whose name is entered in the Register (the **Registered Holder**) is registered as the holder of an issue of Notes of the nominal amount, specified currency and specified denomination set out in Part A of the Schedule hereto.

#### Interpretation and Definitions

References in this Global Certificate to the "Conditions" are to the Terms and Conditions applicable to the Notes (which are in the form set out in Schedule 2 Part 3 to the Amended and Restated Trust Deed dated 26 April 2023 (as amended, supplemented and/or restated as at the Issue Date, the **Trust Deed**) between the Issuer and HSBC Corporate Trustee Company (UK) Limited as trustee, as such form is supplemented and/or modified and/or superseded by the provisions of this Global Certificate (including the supplemental definitions and any modifications or additions set out in the Schedule hereto), which in the event of any conflict shall prevail). Other capitalised terms used in this Global Certificate shall have the meanings given to them in the Conditions or the Trust Deed.

#### Promise to Pay

The Issuer, for value received, promises to pay to the holder of the Notes represented by this Global Certificate upon presentation and (when no further payment is due in respect of the Notes represented by this Global Certificate) surrender of this Global Certificate on the Maturity Date (or on such earlier date as the amount payable upon redemption under the Conditions may become repayable in accordance with the Conditions) the amount payable upon redemption under the Conditions in respect of the Notes represented by this Global Certificate and (unless the Notes represented by this Certificate do not bear interest) to pay interest in respect of such Notes from the Interest Commencement Date in arrear at the rates, and on the dates for payment, and in accordance with the methods of calculation provided for in the Conditions together with such other sums and additional amounts (if any) as may be payable under the Conditions, save that the calculation is made in respect of the total aggregate amount of the Notes, represented by this Global Certificate, in accordance with the Conditions. Each payment will be made to, or to the order of, the person whose name is entered on the Register at the close of business on the Clearing System Business Day immediately prior to the date for payment, where Clearing System Business Day means Monday to Friday inclusive except 25 December and 1 January.

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<sup>1</sup> Include if this Certificate is an Exchangeable Registered Note.



If this Global Certificate is held under the NSS, the Issuer shall procure that details of each such payment shall be entered pro rata in the records of the relevant Clearing Systems and in the case of any payment of principal, upon any such entry being made, the nominal amount of the Notes recorded in the records of the relevant Clearing Systems and represented by this permanent Global Note shall be reduced by the aggregate nominal amount of the Notes so redeemed.

For the purposes of this Global Certificate, (a) the holder of the Notes represented by this Global Certificate is bound by the provisions of the Agency Agreement, (b) the Issuer certifies that the Registered Holder is, at the date hereof, entered in the Register as the holder of the Notes represented by this Global Certificate, (c) this Global Certificate is evidence of entitlement only, (d) title to the Notes represented by this Global Certificate passes only on due registration on the Register, and (e) only the holder of the Notes represented by this Global Certificate is entitled to payments in respect of the Notes represented by this Global Certificate.

### **Transfer of Notes represented by Global Certificates**

If the Schedule hereto states that the Notes are to be represented by a Global Certificate on issue, transfers of the holding of Notes represented by this Global Certificate pursuant to Condition 2(b) may only be made in part:

- (a) if the Notes represented by this Global Certificate are held on behalf of Euroclear or Clearstream, Luxembourg or any other clearing system (an **Alternative Clearing System**) and any such clearing system is closed for business for a continuous period of 14 days (other than by reason of holidays, statutory or otherwise) or announces an intention permanently to cease business or does in fact do so or
- (b) with the consent of the Issuer,

provided that, in the case of the first transfer of part of a holding pursuant to (a) or (b) above, the holder of the Notes represented by this Global Certificate has given the Registrar not less than 30 days' notice at its specified office of such holder's intention to effect such transfer. Where the holding of Notes represented by this Global Certificate is only transferable in its entirety, the Certificate issued to the transferee upon transfer of such holding shall be a Global Certificate. Where transfers are permitted in part, Certificates issued to transferees shall not be Global Certificates unless the transferee so requests and certifies to the Registrar that it is, or is acting as a nominee for, Clearstream, Luxembourg, Euroclear and/or an Alternative Clearing System.

### **Meetings**

For the purposes of any meeting of Noteholders, the holder of the Notes represented by this Global Certificate shall (unless this Global Certificate represents only one Note) be treated as two persons for the purposes of any quorum requirements of a meeting of Noteholders and as being entitled to one vote in respect of each integral currency unit of the Specified Currency of the Notes.

### **Notices**

Notices required to be given in respect of the Notes represented by this Global Certificate may be given by their being delivered (so long as this Global Certificate is held on behalf of Euroclear and/or Clearstream, Luxembourg and/or an Alternative Clearing System) to Euroclear, Clearstream, Luxembourg and/or such Alternative Clearing System, as the case may be, or otherwise to the holder of this Global Certificate, rather than by publication as required by the Conditions. Any such notice shall be deemed to have been given on the date on which such notice is first provided to the relevant clearing system(s).

This Global Certificate shall not become valid for any purpose until authenticated by or on behalf of the Registrar, and, if the applicable Final Terms indicates that this Global Certificate is intended to be held under the NSS, effectuated by the entity appointed as common safekeeper by Euroclear or Clearstream, Luxembourg.

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

**In witness** whereof the Issuer has caused this Global Certificate to be signed on its behalf.

Dated as of the Issue Date.

**PRINCIPALITY BUILDING SOCIETY**

By:

**CERTIFICATE OF AUTHENTICATION**

This Global Certificate is authenticated  
by or on behalf of the Registrar.

**HSBC BANK PLC**  
as Registrar

By:

Authorised Signatory  
For the purposes of authentication only.

<sup>2</sup> Effectuated without recourse,  
warranty or liability by

as Common Safekeeper

By:

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<sup>2</sup> This should only be completed where the Final Terms indicates that this Global Note is intended to be held under the NSS.

**Form of Transfer**

For value received the undersigned transfers to

.....  
.....

(PLEASE PRINT OR TYPEWRITE NAME AND ADDRESS OF TRANSFEREE)

[ ] nominal amount of the Notes represented by this Global Certificate, and all rights under them.

Dated .....

Signed ..... Certifying Signature

Notes:

- (a) The signature of the person effecting a transfer shall conform to a list of duly authorised specimen signatures supplied by the holder of the Notes represented by this Global Certificate or (if such signature corresponds with the name as it appears on the face of this Global Certificate) be certified by a notary public or a recognised bank or be supported by such other evidence as a Transfer Agent or the Registrar may reasonably require.
- (b) A representative of the Noteholder should state the capacity in which he signs e.g. executor.

## **SCHEDULE**

[Insert the provisions of the relevant Final Terms that relate to the Conditions or the Global Certificate as the Schedule.]

**SCHEDULE 2**  
**FORM OF DEFINITIVE NOTES/CERTIFICATES**

**PART 1**  
**FORM OF BEARER NOTE**

On the front:

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.

**[Denomination]**                      **[ISIN]**                      **[Series]**                      **[Certif. No.]**

[Currency and denomination]

**PRINCIPALITY BUILDING SOCIETY**

*(Incorporated in England and Wales under the Building Societies Act 1986 with Registered Number 155998)*

**EURO MEDIUM TERM NOTE PROGRAMME**

**Series No. [    ]**

**[Title of issue]**

This Note forms one of the Series of Notes referred to above (the **Notes**) of Principality Building Society (the **Issuer**) designated as specified in the title hereof. [This Note relates to money which has been deposited with the Issuer]\*. The Notes are subject to the Terms and Conditions (the **Conditions**) endorsed hereon and are issued subject to, and with the benefit of, the Trust Deed referred to in the Conditions. Expressions defined in the Conditions have the same meanings in this Note.

The Issuer for value received promises to pay to the bearer of this Note, on presentation and (when no further payment is due in respect of this Note) surrender of this Note on the Maturity Date (or on such earlier date as the amount payable upon redemption under the Conditions may become repayable in accordance with the Conditions) the amount payable upon redemption under the Conditions and (unless this Note does not bear interest) to pay interest from the Interest Commencement Date in arrear at the rates, in the amounts and on the dates for payment provided for in the Conditions together with such other sums and additional amounts (if any) as may be payable under the Conditions, in accordance with the Conditions.

This Note shall not become valid or obligatory for any purpose until authenticated by or on behalf of the Issuing and Paying Agent.

**In witness** whereof the Issuer has caused this Note to be signed on its behalf.

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\* Only applicable if this Note is a Deposit Note

Dated as of the Issue Date.

**PRINCIPALITY BUILDING SOCIETY**

By:

**CERTIFICATE OF AUTHENTICATION**

This Note is authenticated

by or on behalf of the Issuing and Paying Agent.

**HSBC BANK PLC**

as Issuing and Paying Agent

By:

Authorised Signatory

For the purposes of authentication only.

On the back:

**Terms and Conditions of the Notes**

[The Terms and Conditions that are set out in Schedule 2 Part 3 to the Trust Deed as amended by and incorporating any additional provisions forming part of such Terms and Conditions and set out in Part A of the relevant Final Terms shall be set out here.]

**ISSUING AND PAYING AGENT**

**HSBC Bank plc**  
8 Canada Square  
London E14 5HQ

**PAYING AGENT**

**[Banque Internationale à Luxembourg, société anonyme**  
69, route d'Esch  
L-2953 Luxembourg]



**PART 2**  
**FORM OF CERTIFICATE**

On the front:

**[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.]<sup>3</sup>**

**PRINCIPALITY BUILDING SOCIETY**  
*(Incorporated in England and Wales under the Building Societies Act 1986 with Registered Number 155998)*

**EURO MEDIUM TERM NOTE PROGRAMME**

**Series No. [    ]**

**[Title of issue]**

This Certificate certifies that [    ] of [    ] (the **Registered Holder**) is, as at the date hereof, registered as the holder of [nominal amount] of Notes of the Series of Notes referred to above (the **Notes**) of Principality Building Society (the **Issuer**), designated as specified in the title hereof. The Notes are subject to the Terms and Conditions (the **Conditions**) endorsed hereon and are issued subject to, and with the benefit of, the Trust Deed referred to in the Conditions. Expressions defined in the Conditions have the same meanings in this Certificate.

The Issuer, for value received, promises to pay to the holder of the Note(s) represented by this Certificate upon presentation and (when no further payment is due in respect of the Note(s) represented by this Certificate) surrender of this Certificate on the Maturity Date (or on such earlier date as the amount payable upon redemption under the Conditions may become repayable in accordance with the Conditions) the amount payable upon redemption under the Conditions in respect of the Notes represented by this Certificate and (unless the Note(s) represented by this Certificate do not bear interest) to pay interest in respect of such Notes from the Interest Commencement Date in arrear at the rates, in the amounts and on the dates for payment provided for in the Conditions together with such other sums and additional amounts (if any) as may be payable under the Conditions, in accordance with the Conditions.

For the purposes of this Certificate, (a) the holder of the Note(s) represented by this Certificate is bound by the provisions of the Agency Agreement, (b) the Issuer certifies that the Registered Holder is, at the date hereof, entered in the Register as the holder of the Note(s) represented by this Certificate, (c) this Certificate is evidence of entitlement only, (d) title to the Note(s) represented by this Certificate passes only on due registration on the Register, and (e) only the holder of the Note(s) represented by this Certificate is entitled to payments in respect of the Note(s) represented by this Certificate.

This Certificate shall not become valid for any purpose until authenticated by or on behalf of the Registrar.

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<sup>3</sup> Include where note is an Exchangeable Registered Note.

**In witness** whereof the Issuer has caused this Certificate to be signed on its behalf.

Dated as of the Issue Date.

**PRINCIPALITY BUILDING SOCIETY**

By:

**CERTIFICATE OF AUTHENTICATION**

This Certificate is authenticated  
by or on behalf of the Registrar.

**HSBC BANK PLC**

as Registrar

By:

Authorised Signatory  
For the purposes of authentication only.

If the Notes represented by this Certificate are Exchangeable Registered Notes, the following legend shall apply:

On the back:

**Terms and Conditions of the Notes**

[The Terms and Conditions that are set out in Schedule 2 Part 3 to the Trust Deed as amended by and incorporating any additional provisions forming part of such Terms and Conditions and set out in Part A of the relevant Final Terms shall be set out here.]

**Form of Transfer**

**For value received** the undersigned transfers to

.....  
.....

(PLEASE PRINT OR TYPEWRITE NAME AND ADDRESS OF TRANSFEREE)

[ ] nominal amount of the Notes represented by this Certificate, and all rights under them.

Dated .....

Signed ..... Certifying Signature

Notes:

- (a) The signature of the person effecting a transfer shall conform to a list of duly authorised specimen signatures supplied by the holder of the Notes represented by this Certificate or (if such signature corresponds with the name as it appears on the face of this Certificate) be certified by a notary public or a recognised bank or be supported by such other evidence as a Transfer Agent or the Registrar may reasonably require.
- (b) A representative of the Noteholder should state the capacity in which he signs.

Unless the context otherwise requires capitalised terms used in this Form of Transfer have the same meaning as in the Amended and Restated Trust Deed dated 26 April 2023 (as amended, supplemented and/or restated from time to time) between the Issuer and the Trustee.

[TO BE COMPLETED BY TRANSFEREE:

[INSERT ANY REQUIRED TRANSFEREE REPRESENTATIONS, CERTIFICATIONS, ETC.]]

**ISSUING AND PAYING AGENT, TRANSFER AGENT,  
REGISTRAR AND CALCULATION AGENT**

**HSBC Bank plc**  
8 Canada Square  
London E14 5HQ

**PAYING AGENT AND TRANSFER AGENT**

**[Banque Internationale à Luxembourg, société anonyme**  
69, route d'Esch  
L-2953 Luxembourg]]

## PART 3

### TERMS AND CONDITIONS OF THE NOTES

The Notes are constituted by an amended and restated Trust Deed dated 26 April 2023 (as further amended, restated or supplemented from time to time, the **Trust Deed**) between the Issuer and HSBC Corporate Trustee Company (UK) Limited (the **Trustee**, which expression shall include all persons for the time being the trustee or trustees under the Trust Deed) as trustee for the Noteholders (as defined below). These terms and conditions (the **Conditions**, and references to a particularly numbered **Condition** shall be construed accordingly) include summaries of, and are subject to, the detailed provisions of the Trust Deed, which includes the form of the Bearer Notes, Certificates, Coupons and Talons referred to below.

An amended and restated Agency Agreement dated 26 April 2023 (as further amended, restated or supplemented from time to time, the **Agency Agreement**) has been entered into in relation to the Notes between the Issuer, the Trustee, HSBC Bank plc as initial issuing and paying agent and registrar and the other agents named in it. The issuing and paying agent, the other paying agents, the registrar, the transfer agents and the calculation agent(s) for the time being (if any) are referred to below respectively as the **Issuing and Paying Agent**, the **Paying Agents** (which expression shall include the Issuing and Paying Agent), the **Registrar**, the **Transfer Agents** (which expression shall include the Registrar) and the **Calculation Agent(s)**. Copies of the Trust Deed and the Agency Agreement are available for inspection during usual business hours at the specified offices of the Paying Agents and the Transfer Agents.

The Noteholders, the holders of the interest coupons (the **Coupons**) relating to interest bearing Notes in bearer form and, where applicable in the case of such Notes, talons for further Coupons (the **Talons**) (the **Couponholders**) are entitled to the benefit of, are bound by, and are 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 and the applicable Final Terms.

#### 1 Form, Denomination and Title

Each Series (as defined below) of Notes is issued (i) in bearer form and in registered form (**Exchangeable Series**), (ii) in bearer form only (**Bearer Series**) or (iii) in registered form only (**Registered Series**). Bearer Notes will be issued in the Specified Denomination(s) specified in the applicable Final Terms. Registered Notes will be issued in multiples of the Specified Denomination specified in the applicable Final Terms.

Notes in bearer form (**Bearer Notes**) comprised in an Exchangeable Series (**Exchangeable Bearer Notes**) are exchangeable for Notes in registered form (**Registered Notes**) and Registered Notes comprised in an Exchangeable Series (**Exchangeable Registered Notes**) are exchangeable for Exchangeable Bearer Notes.

This Note may be a Fixed Rate Note, a Resettable Note, a Floating Rate Note, a Zero Coupon Note or a combination of any of the foregoing, depending upon the Interest Basis shown in the applicable Final Terms. This Note is a Deposit Note or a Senior Preferred Note or a Senior Non-Preferred Note or a Subordinated Note as so indicated in the applicable Final Terms.

Bearer Notes are serially numbered and are issued with Coupons (and, where appropriate, a Talon) attached, save in the case of Zero Coupon Notes in which case references to interest (other than in relation to interest due after the Maturity Date), Coupons and Talons in these Conditions are not applicable.

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

Title to the Bearer Notes and the Coupons and Talons shall pass by delivery. Title to the Registered Notes shall pass by registration in the register that the Issuer shall procure to be kept by the Registrar in accordance with the provisions of the Agency Agreement (the **Register**). Except as ordered by a court of competent jurisdiction or as required by law, the holder (as defined below) of any Note, Coupon or Talon shall be deemed to be and may be treated as its absolute owner for all purposes whether or not it is overdue and regardless of any notice of ownership, trust or an interest in it, any writing on it (or on the Certificate representing it) or its theft or loss (or that of the related Certificate) and no person shall be liable for so treating the holder.

In these Conditions, **Noteholder** means the bearer of any Bearer Note or the person in whose name a Registered Note is registered (as the case may be), **holder** (in relation to a Note, Coupon or Talon) means the bearer of any Bearer Note, Coupon or Talon or the person in whose name a Registered Note is registered (as the case may be) and capitalised terms have the meanings given to them in these Conditions or the applicable Final Terms, the absence of any such meaning indicating that such term is not applicable to the Notes.

## **2 Exchanges of Exchangeable Bearer Notes and Exchangeable Registered Notes and Transfers of Registered Notes**

### **(a) Exchange of Exchangeable Bearer Notes**

Subject as provided in Condition 2(g), Exchangeable Bearer Notes may be exchanged for the same nominal amount of Exchangeable Registered Notes at the request in writing of the relevant Noteholder and upon surrender of each Exchangeable Bearer Note to be exchanged, together with all unmatured Coupons and Talons relating to it, at the specified office of any Transfer Agent; provided that Exchangeable Bearer Notes surrendered in exchange for Exchangeable Registered Notes during the period from and including the Record Date in respect of any Interest Payment Date up to and including such Interest Payment Date will not be required to be surrendered with the Coupon relating to the interest payable on such Interest Payment Date.

Interest on an Exchangeable Registered Note issued in exchange for an Exchangeable Bearer Note will accrue as from the Interest Payment Date immediately preceding the date of surrender as aforesaid or, if none, the Interest Commencement Date, except where issued in respect of an Exchangeable Bearer Note surrendered during the period from and including the Record Date in respect of an Interest Payment Date up to and including such Interest Payment Date, in which event interest shall accrue as from such last mentioned Interest Payment Date.

Bearer Notes of one Specified Denomination may not be exchanged for Bearer Notes of another Specified Denomination. Bearer Notes that are not Exchangeable Bearer Notes may not be exchanged for Registered Notes.

### **(b) Exchange of Exchangeable Registered Notes**

Subject as provided in Condition 2(g), Exchangeable Registered Notes may be exchanged for the same nominal amount of Exchangeable Bearer Notes at the request in writing of the relevant Noteholder and upon surrender of the Certificate representing such Exchangeable Registered Notes to be exchanged at the specified office of any Transfer Agent.

Interest on an Exchangeable Registered Note to be exchanged for Exchangeable Bearer Notes will cease to accrue as from the Interest Payment Date immediately preceding the date of surrender as aforesaid or, if none, the Interest Commencement Date, except where the date of such surrender falls in the period from and including the Record Date in respect of an Interest Payment Date up to and including such Interest Payment Date, in which event interest will cease to accrue as from such last mentioned Interest Payment Date.

Where relevant, Exchangeable Bearer Notes issued in exchange for Exchangeable Registered Notes will be issued together with all Coupons in respect of all Interest Payment Dates falling after the date of such surrender as aforesaid or, if such surrender falls during the period from and including the Record Date in respect of an Interest Payment Date up to and including such Interest Payment Date, with Coupons in respect of all Interest Payment Dates falling after such Interest Payment Date, together with any Talons maturing after such date.

Registered Notes that are not Exchangeable Registered Notes may not be exchanged for Bearer Notes.

**(c) Transfer of Registered Notes**

Subject as provided in Conditions 2(g) and (h), Registered Notes may be transferred in whole or in part in a multiple of a Specified Denomination upon the surrender (at the specified office of the Registrar or any Transfer Agent) of the Certificate representing such Registered Notes to be transferred, together with the form of transfer endorsed on such Certificate (or another form of transfer substantially in the same form and containing the same representations and certifications (if any), unless otherwise agreed by the Issuer) duly completed and executed and any other evidence as the Registrar or Transfer Agent may reasonably require. In the case of a transfer of part only of a holding of Registered Notes represented by one Certificate, a new Certificate shall be issued to the transferee in respect of the part transferred and a further new Certificate in respect of the balance of the holding not transferred shall be issued to the transferor.

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

In the case of an exercise of an Issuer's or Noteholders' 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.

**(e) Delivery of New Certificates**

Each new Certificate to be issued pursuant to Conditions 2(a), (b), (c) or (d) shall be available for delivery within three business days of receipt of the request for exchange, form of transfer or Exercise Notice (as defined in Condition 6(e)) or surrender of the Certificate for exchange.

Delivery of the new Certificate(s) shall be made at the specified office of the Transfer Agent or of the Registrar (as the case may be) to whom delivery or surrender of such request for exchange, form of transfer, Exercise Notice or Certificate shall have been made or, at the option of the holder making such delivery or surrender as aforesaid and as specified in the relevant request for exchange, form of transfer, Exercise Notice or otherwise in writing, be mailed by uninsured post at the risk of the holder entitled to the new Certificate to such address as may be so specified, unless such holder requests otherwise and pays in advance to the relevant Transfer Agent the costs of such other method of delivery and/or such insurance as it may specify. In this Condition 2(e), **business day** means a day, other than a Saturday or Sunday, on which banks are open for business in the place of the specified office of the relevant Transfer Agent or the Registrar (as the case may be).

**(f) Exchange Free of Charge**

Exchange and transfer of Notes and Certificates on registration, transfer, exercise of an option or partial redemption shall be effected without charge by or on behalf of the Issuer, the Registrar or the Transfer Agents, but upon payment of any tax or other governmental charges that may be imposed in relation to it (or the giving of such indemnity as the Registrar or the relevant Transfer Agent may reasonably require).

**(g) Closed Periods**

No Noteholder may require the transfer of a Registered Note to be registered or an Exchangeable Bearer Note or Exchangeable Registered Note to be exchanged (i) during the period of 15 days ending on the due date for redemption of that Note, (ii) during the period of 15 days prior to any date on which Notes may be called for redemption by the Issuer at its option pursuant to Condition 6(d), (iii) after any such Note has been called for redemption or (iv) during the period of seven days ending on (and including) any Record Date.

**(h) Regulations**

All transfers of Registered Notes and entries on the Register will be made subject to the detailed regulations concerning transfers of Registered Notes scheduled to the Agency Agreement. The regulations may be changed by the Issuer, with the prior written approval of the Trustee and the Registrar. A copy of the current regulations will be made available by the Registrar to any holder of a Registered Note upon request.

**3 Status**

**(a) Status of Senior Preferred Notes and Deposit Notes**

The Senior Preferred Notes and the Deposit Notes (being those Notes that specify their status as Senior Preferred or Deposit in the applicable Final Terms) and the Coupons relating to them constitute direct, unconditional and (subject to Condition 4) unsecured obligations of the Issuer and (subject to the Ranking Legislation and Condition 4) constitute ordinary non-preferential debts for the purposes of the Ranking Legislation. The Senior Preferred Notes and the Deposit Notes and the Coupons relating to them rank and will rank *pari passu* and without any preference among themselves.

The Issuer and, by virtue of its holding of any Senior Preferred Note or Deposit Note or any Coupon relating thereto (or any beneficial interest therein), each holder of a Senior Preferred Note or a Deposit Note or a Coupon relating thereto (or any beneficial interest therein) acknowledge and agree that (subject to the Ranking Legislation and to the provisions of Condition 4) the Senior Preferred Notes, the Deposit Notes and any such Coupons rank *pari*



*passu* with all other outstanding unsecured and unsubordinated deposits with, and loans to, the Issuer, present and future (other than (i) Senior Non-Preferred Notes and other obligations which rank or are expressed to rank junior to the Senior Preferred Notes and the Deposit Notes and (ii) such deposits or loans to the Issuer which are given priority pursuant to applicable statutory provisions).

**(b) Status and Ranking of Senior Non-Preferred Notes**

*Senior Non-Preferred Notes may only be issued on terms such that they (A) have an original contractual maturity of at least one year and (B) are not derivatives and contain no embedded derivatives for the purposes of Section 387A(3)(b)(ii) of the Insolvency Act 1986, as amended (and any other applicable provision of any Ranking Legislation).*

**(i) Status and Ranking**

The Senior Non-Preferred Notes (being those Notes that specify their status as Senior Non-Preferred in the applicable Final Terms) and the Coupons relating to them are direct, unconditional and unsecured obligations of the Issuer and, subject to the Ranking Legislation, constitute secondary non-preferential debts for the purposes of the Ranking Legislation. Subject to the Ranking Legislation, the Senior Non-Preferred Notes and the Coupons relating to them rank junior to the Senior Preferred Notes, the Deposit Notes and any Coupons relating to them, and rank *pari passu* without any preference among themselves.

The Issuer and, by virtue of its holding of any Senior Non-Preferred Note or any Coupon relating thereto (or any beneficial interest therein), each holder of a Senior Non-Preferred Note or a Coupon relating thereto (or any beneficial interest therein) acknowledge and agree that, subject to the Ranking Legislation, the claims of the Trustee, the Noteholders and the Couponholders against the Issuer in respect of, or arising under, the Senior Non-Preferred Notes or the Coupons relating thereto (including, without limitation, any damages awarded for breach of the Issuer's obligations) will, in the event of the winding-up or dissolution of the Issuer (subject as otherwise provided in an Excluded Dissolution), rank:

- (A)** junior in right of payment to all Senior Claims;
- (B)** *pari passu* with all other Senior Non-Preferred Claims; and
- (C)** in priority to all Subordinated Claims.

**(ii) No Set-off**

Subject to applicable law, no holder of Senior Non-Preferred Notes or holder of a Coupon relating to Senior Non-Preferred Notes (or, in each case, any beneficial interest therein) may exercise or claim or plead any right of set-off, netting, compensation or retention in respect of any amount owed to it by the Issuer arising under or in connection with the Senior Non-Preferred Notes or any Coupons relating to them and each holder of any Senior Non-Preferred Note or any Coupon relating thereto (or, in each case, any beneficial interest therein) shall, by virtue of being the holder of any such Senior Non-Preferred Note or Coupon (or beneficial interest, as the case may be), be deemed to have waived all such rights of set-off, netting, compensation or retention both before and during any winding-up, liquidation or administration of the Issuer.

Notwithstanding the provisions of the foregoing sentence, if any amounts owed to any holder of a Senior Non-Preferred Note or a Coupon relating thereto (or, in each case, any beneficial interest therein) by the Issuer arising under or in connection with any Senior Non-Preferred Note or any Coupon relating to a Senior Non-Preferred Note is discharged by set-off, netting, compensation or retention, such Noteholder or Couponholder will immediately pay an amount equal to the amount of such discharge to the Issuer or, in the event of the winding-up or administration of the Issuer, the liquidator or (as the case may be) administrator or other insolvency official of the Issuer (and until such payment is made shall hold an amount equal thereto on trust for the Issuer or, as the case may be, the liquidator, administrator or other insolvency official) and accordingly such discharge will be deemed not to have taken place.

*N.B. Attention is drawn to "Certain Provisions of the Building Societies Act 1986 and the Supervisory Authority" elsewhere in this Prospectus.*

**(c) Status of Subordinated Notes**

**(i) Status and Ranking**

The Subordinated Notes (being those Notes that specify their status as Subordinated in the applicable Final Terms) and the Coupons relating to them constitute direct, unsecured and subordinated obligations of the Issuer and, subject to the Ranking Legislation, constitute tertiary non-preferential debts for the purposes of the Ranking Legislation. Subject to the Ranking Legislation, the Subordinated Notes and any Coupons relating thereto rank junior to the Senior Preferred Notes and the Senior Non-Preferred Notes and any Coupons relating thereto. The Subordinated Notes and the Coupons relating to them rank and will rank *pari passu* without any preference among themselves.

The Issuer and, by virtue of its holding of any Subordinated Note or any Coupon relating thereto (or any beneficial interest therein), each holder of a Subordinated Note or a Coupon relating thereto (or any beneficial interest therein) acknowledge and agree that, subject to the Ranking Legislation, in the event of the winding-up or dissolution of the Issuer (subject as otherwise provided in an Excluded Dissolution), the claims of the Trustee, the Noteholders and the Couponholders against the Issuer in respect of, or arising under, the Subordinated Notes or the Coupons relating to them (including, without limitation, any damages awarded for breach of the Issuer's obligations) will:

- (A)** be subordinated in right of payment in the manner provided in the Ranking Legislation and the Trust Deed to (I) all Senior Claims, (II) all Senior Non-Preferred Claims and (III) all Subordinated Claims (if any) which rank, or are expressed to rank, in priority to claims in respect of the Subordinated Notes;
- (B)** rank at least *pari passu* with the claims of the holders of all other subordinated obligations of the Issuer which constitute, or would but for any applicable limitation on the amount of such capital constitute, as at their respective issue dates, Tier 2 Capital; and
- (C)** rank in priority to the claims of holders of any subordinated obligations whose claims rank or are expressed to rank junior in right of payment to the Subordinated Notes or the Coupons relating to them, as the case may be,

and, for the avoidance of doubt, ahead of all claims in respect of any Deferred Shares (as defined below) in the Issuer.

(ii) *No Set-off*

Subject to applicable law, no holder of Subordinated Notes or holder of a Coupon relating to Subordinated Notes (or, in each case, any beneficial interest therein) may exercise or claim or plead any right of set-off, netting, compensation or retention in respect of any amount owed to it by the Issuer arising under or in connection with the Subordinated Notes or any Coupons relating to them and each holder of any Subordinated Note or any Coupon relating thereto (or, in each case, any beneficial interest therein) shall, by virtue of being the holder of any such Subordinated Note or Coupon (or beneficial interest, as the case may be), be deemed to have waived all such rights of set-off, netting, compensation or retention both before and during any winding-up, liquidation or administration of the Issuer.

Notwithstanding the provisions of the foregoing sentence, if any amounts owed to any holder of a Subordinated Note or a Coupon relating thereto (or, in each case, any beneficial interest therein) by the Issuer arising under or in connection with any Subordinated Note or any Coupon relating to a Subordinated Note is discharged by set-off, netting, compensation or retention, such Noteholder or Couponholder will immediately pay an amount equal to the amount of such discharge to the Issuer or, in the event of the winding-up or administration of the Issuer, the liquidator or (as the case may be) administrator or other insolvency official of the Issuer (and until such payment is made shall hold an amount equal thereto on trust for the Issuer or, as the case may be, the liquidator, administrator or other insolvency official) and accordingly such discharge will be deemed not to have taken place.

*N.B. Attention is drawn to "Certain Provisions of the Building Societies Act 1986 and the Supervisory Authority" elsewhere in this Prospectus.*

(d) **Definitions**

For the purpose of these Conditions:

**Act** means the Building Societies Act 1986 (as amended) (including, where applicable, any statutory modification thereof or re-enactment thereof or any statutory instrument, order or regulations made thereunder or under any such statutory modification or re-enactment);

**Additional Tier 1 Capital, CET1 Capital and Tier 2 Capital** have the meanings given to them (or any successor terms) in the Capital Adequacy Regulations (as defined in Condition 6(l));

**Deferred Shares** means deferred shares within the meaning of the Act;

**Excluded Dissolution** means each of (i) a winding-up or dissolution of the Issuer for the purpose of a reconstruction or amalgamation, the terms of which have previously been approved in writing by the Trustee or by an Extraordinary Resolution (as defined in the Trust Deed) or the substitution in place of the Issuer or a Successor in Business (as defined in the Trust Deed) effected in accordance with the provisions of Condition 12 and Clause 6 of the Trust Deed, and (ii) a dissolution of the Issuer by virtue of the amalgamation and transfer provisions set out in sections 93, 94 and 97 of the Act, or by virtue of a transfer pursuant to an order made under section 3 of the Building Societies (Funding) and Mutual Societies (Transfers) Act 2007, as amended (or any successor provisions thereto);

**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;

**ordinary non-preferential debts, secondary non-preferential debts and tertiary non-preferential debts** have the respective meanings given thereto in section 387A(3) of the Insolvency Act 1986, as amended (or, as the case may be, in the relevant section of any other Ranking Legislation);

**Ranking Legislation** means the Insolvency Act 1986, as amended (including by the Order) and any other law or regulation applicable to the Issuer which is amended by the Order;

**Senior Claims** means the aggregate amount of all claims admitted in the winding-up or dissolution of the Issuer (including, without limiting the generality of the foregoing, (i) all claims in respect of deposits (other than subordinated deposits) with or loans (other than subordinated loans) to the Issuer and all claims to interest thereon (including claims by persons who become holders of deposits pursuant to Section 100 of the Act if the Issuer transfers its business to a successor pursuant to Section 97 of the Act), (ii) all claims in respect of Senior Preferred Notes and other ordinary non-preferential debts of the Issuer, and any other obligations of the Issuer which are preferred by law to secondary non-preferential debts and (iii) (but only in respect of a winding-up while the Issuer remains a building society) all claims of members holding shares (other than Deferred Shares) in the Issuer as regards the principal of their shares in the Issuer and any interest due in respect of those shares), but excluding all Senior Non-Preferred Claims and all Subordinated Claims;

**Senior Non-Preferred Claims** means the aggregate amount of all claims admitted in the winding-up or dissolution of the Issuer which are claims of creditors in respect of secondary non-preferential debts of the Issuer (including, without limitation, Senior Non-Preferred Notes); and

**Subordinated Claims** means the aggregate amount of all claims admitted in the winding-up or dissolution of the Issuer which rank, or are expressed to rank, junior to claims in respect of the Senior Non-Preferred Notes or other Senior Non-Preferred Claims, including (without limitation) (i) claims of creditors in respect of the Subordinated Notes, (ii) the obligations of the Issuer which constitute, or would but for any applicable limitation on the amount of such capital constitute, Tier 2 Capital, Additional Tier 1 Capital or CET1 Capital and (iii) all other claims in respect of tertiary non-preferential debts of the Issuer, including, for the avoidance of doubt, all claims in respect of Deferred Shares.

#### **4 Negative Pledge**

This Condition 4 does not apply to Senior Non-Preferred Notes or Subordinated Notes.

So long as any of the Senior Preferred Notes or, as the case may be, Deposit Notes or Coupons remains outstanding (as defined in the Trust Deed) the Issuer shall not, and shall ensure that none of its Subsidiaries shall create or have outstanding any mortgage, charge, pledge, lien (other than a lien arising by operation of law) or other form of security interest upon the whole or any part of its undertaking, assets or revenues, present or future (including any uncalled capital), to secure any Relevant Debt, or any guarantee of or indemnity in respect of any Relevant Debt without at the same time or prior thereto securing the Senior Preferred Notes or, as the case may be, Deposit Notes and Coupons equally and rateably therewith to the satisfaction of the Trustee or providing such other security, guarantee, indemnity or other arrangements for the Senior Preferred Notes or, as the case may be, Deposit Notes and Coupons as the Trustee in its absolute discretion shall deem to be not materially less beneficial to the holders of the Senior Preferred Notes or, as the case may be, the

Deposit Notes or which shall be approved by an Extraordinary Resolution (as defined in the Trust Deed) of the holders of the Senior Preferred Notes, or, as the case may be, the Deposit Notes.

For the purposes of this Condition, **Relevant Debt** means any present or future indebtedness which is in the form of, or represented or evidenced by, bonds, notes, debentures, loan stock or other securities which for the time being are, intended to be or are capable of being, quoted, listed, dealt in or traded on any stock exchange, over-the-counter or other established securities market (whether or not initially distributed by way of private placement), but excluding any such indebtedness which has a stated maturity not exceeding one year.

## **5 Interest and Other Calculations**

### **(a) Interest on Fixed Rate Notes**

Each Fixed Rate Note bears interest on its outstanding nominal amount from (and including) the Interest Commencement Date at the rate per annum (expressed as a percentage) equal to the Rate of Interest, such interest being payable in arrear on each Interest Payment Date. The amount of interest payable shall be determined in accordance with Condition 5(g).

### **(b) Interest on Resettable Notes**

Each Resettable Note bears interest on its outstanding nominal amount:

- (i) from (and including) the Interest Commencement Date to (but excluding) the First Resettable Note Reset Date at the rate per annum (expressed as a percentage) equal to the Initial Rate of Interest;
- (ii) from (and including) the First Resettable Note Reset Date to (but excluding) the Second Resettable Note Reset Date or, if no such Second Resettable Note Reset Date is specified in the applicable Final Terms, the Maturity Date, at the First Reset Rate of Interest;
- (iii) for each Subsequent Reset Period (if any), at the relevant Subsequent Reset Rate of Interest,

such interest being payable in arrear on each Interest Payment Date.

The amount of interest payable shall be determined in accordance with Condition 5(g).

### **(c) Interest on Floating Rate Notes**

- (i) Interest Payment Dates

Each Floating Rate Note bears interest on its outstanding nominal amount from (and including) the Interest Commencement Date at the rate per annum (expressed as a percentage) equal to the Rate of Interest, such interest being payable in arrear on each Interest Payment Date. The amount of interest payable shall be determined in accordance with Condition 5(g). Such Interest Payment Date(s) is/are either specified as Specified Interest Payment Dates in the applicable Final Terms or, if no Specified Interest Payment Date(s) is/are so specified, Interest Payment Date shall mean each date which falls the number of months or other period specified in the applicable Final Terms as the Interest Period after the preceding Interest Payment Date or, in the case of the first Interest Payment Date, after the Interest Commencement Date.

(ii) Business Day Convention

If any date referred to in these Conditions that is specified to be subject to adjustment in accordance with a Business Day Convention would otherwise fall on a day that is not a Business Day, then, if the Business Day Convention specified is:

- (A) the “Floating Rate Business Day Convention”, such date shall be postponed to the next day that is a Business Day unless it would thereby fall into the next calendar month, in which event (x) such date shall be brought forward to the immediately preceding Business Day and (y) each subsequent such date shall be the last Business Day of the month in which such date would have fallen had it not been subject to adjustment;
- (B) the “Following Business Day Convention”, such date shall be postponed to the next day that is a Business Day;
- (C) the “Modified Following Business Day Convention”, such date shall be postponed to the next day that is a Business Day unless it would thereby fall into the next calendar month, in which event such date shall be brought forward to the immediately preceding Business Day; or
- (D) the “Preceding Business Day Convention”, such date shall be brought forward to the immediately preceding Business Day.

(iii) Rate of Interest for Floating Rate Notes

The Rate of Interest in respect of Floating Rate Notes for each Interest Accrual Period shall be determined in the manner specified in the applicable Final Terms and the provisions below relating to Screen Rate Determination.

**(A) Screen Rate Determination for Floating Rate Notes – Term Rate**

- (x) where ‘Screen Rate Determination’ and ‘Term Rate’ are both specified in the applicable Final Terms as the manner in which the Rate of Interest is to be determined, and save as otherwise provided in the applicable Final Terms, the Rate of Interest for each Interest Accrual Period shall, subject to Condition 5(n) and as provided below, be either:

- (I) the offered quotation (if there is only one quotation on the Relevant Screen Page); or
- (II) the arithmetic mean (rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards) of the offered quotations,

(expressed as a percentage rate per annum) for the Reference Rate which appears or appear on the Relevant Screen Page as at 11.00 a.m. (Brussels time in the case of EURIBOR) on the Interest Determination Date in question as determined by the Calculation Agent plus or minus (as indicated in the applicable Final Terms) the relevant Margin (if any). If five or more of such offered quotations are available on the Relevant Screen Page, the highest (or, if there is more than one such highest quotation, one only of such

quotations) and the lowest (or, if there is more than one such lowest quotation, one only of such quotations) shall be disregarded by the Calculation Agent for the purpose of determining the arithmetic mean of such offered quotations.

- (y) if the Relevant Screen Page is not available or if, subparagraph (x)(I) above applies and no such offered quotation appears on the Relevant Screen Page or if subparagraph (x)(II) above applies and fewer than three such offered quotations appear on the Relevant Screen Page in each case as at the time specified above, subject as provided below, the Issuer shall request, if the Reference Rate is EURIBOR, the principal Euro-zone office of each of the Reference Banks, to provide the Issuer (for onward provision to the Calculation Agent) with its offered quotation (expressed as a percentage rate per annum) for the Reference Rate if the Reference Rate is EURIBOR, at approximately 11.00 a.m. (Brussels time) on the Interest Determination Date in question. If two or more of the Reference Banks provide the Issuer with such offered quotations, the Rate of Interest for such Interest Accrual Period shall be the arithmetic mean of such offered quotations as determined by the Calculation Agent plus or minus (as indicated in the applicable Final Terms) the relevant Margin (if any); and
- (z) if paragraph (y) above applies and the Calculation Agent determines that fewer than two Reference Banks are providing offered quotations, subject as provided below, the Rate of Interest shall be sum of the relevant Margin (if any) and the arithmetic mean of the rates per annum (expressed as a percentage) as communicated to (and at the request of) the Issuer (for onwards communication to the Calculation Agent) by the Reference Banks or any two or more of them, at which such banks were offered, if the Reference Rate is EURIBOR, at approximately 11.00 a.m. (Brussels time) on the relevant Interest Determination Date, deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate by leading banks in, if the Reference Rate is EURIBOR, the Euro-zone inter-bank market, or, if fewer than two of the Reference Banks provide the Issuer with such offered rates, the offered rate for deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate, or the arithmetic mean of the offered rates for deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate, at which, if the Reference Rate is EURIBOR, at approximately 11.00 a.m. (Brussels time), on the relevant Interest Determination Date, any one or more banks (which bank or banks is or are in the opinion of the Trustee and the Issuer suitable for such purpose) informs the Issuer (for onwards communication to the Calculation Agent) it is quoting to leading banks in, if the Reference Rate is EURIBOR, the Euro-zone inter-bank market;

*provided that*, if the Rate of Interest cannot be determined in accordance with the foregoing provisions of this paragraph, the Rate of Interest shall be determined as at the last preceding Interest Determination Date (though substituting, where a different Margin or Maximum or Minimum Rate of

Interest is to be applied to the relevant Interest Accrual Period) from that which applied to the last preceding Interest Accrual Period, the Margin or Maximum or Minimum Rate of Interest relating to the relevant Interest Accrual Period, in place of the Margin or Maximum or Minimum Rate of Interest relating to that last preceding Interest Accrual Period.

**(B) Screen Rate Determination for Floating Rate Notes – Overnight Rate – SONIA – Non-Index Determination**

- (1) Where (i) ‘Screen Rate Determination’ and ‘Overnight Rate’ are specified in the applicable Final Terms as the manner in which the Rate of Interest is to be determined, (ii) the Reference Rate is specified in the applicable Final Terms as being SONIA and (iii) ‘Index Determination’ is specified in the applicable Final Terms as being ‘Not Applicable’, the Rate of Interest for each Interest Accrual Period will, subject to Condition 5(n) and as provided below, be Compounded Daily SONIA plus or minus (as indicated in the applicable Final Terms) the applicable Margin (if any), all as determined by the Calculation Agent.

**Compounded Daily SONIA** means, with respect to an Interest Accrual Period, the rate of return of a daily compound interest investment during the Observation Period corresponding to such Interest Accrual Period (with the daily Sterling overnight reference rate as reference rate for the calculation of interest) and will be calculated by the Calculation Agent as at the relevant Interest Determination Date, as follows, and the resulting percentage will be rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards::

$$\left[ \prod_{i=1}^{d_0} \left( 1 + \frac{SONIA_i \times n_i}{365} \right) - 1 \right] \times \frac{365}{d}$$

where:

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

- (i) where ‘Lag’ is specified as the Observation Method in the applicable Final Terms, the relevant Interest Accrual Period; or
- (ii) where ‘Observation Shift’ is specified as the Observation Method in the applicable Final Terms, the relevant Observation Period;

**d<sub>0</sub>** is the number of London Banking Days in:

- (i) where ‘Lag’ is specified as the Observation Method in the applicable Final Terms, the relevant Interest Accrual Period; or
- (ii) where ‘Observation Shift’ is specified as the Observation Method in the applicable Final Terms, the relevant Observation Period;

**i** is a series of whole numbers from one to ‘d<sub>0</sub>’, each representing the relevant London Banking Day in chronological order from, and including, the first London Banking Day in:

- (i) where ‘Lag’ is specified as the Observation Method in the applicable Final Terms, the relevant Interest Accrual Period; or



- (ii) where 'Observation Shift' is specified as the Observation Method in the applicable Final Terms, the relevant Observation Period;

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

- n<sub>i</sub>** 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, in respect of an Interest Accrual Period, the period from (and including) the date falling 'p' London Banking Days prior to the first day of the relevant Interest Accrual Period and ending on (but excluding) the date falling 'p' London Banking Days prior to the Interest Payment Date for such Interest Accrual 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:

- (i) where 'Lag' is specified as the Observation Method in the applicable Final Terms, the number of London Banking Days specified as the 'Lag Period' in the applicable Final Terms (or if no such number is so specified, five London Banking Days); or
- (ii) where 'Observation Shift' is specified as the Observation Method in the applicable Final Terms, the number of London Banking Days specified as the 'Observation Shift Period' in the applicable 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

**SONIA<sub>i</sub>** means the SONIA reference rate for:

- (i) where 'Lag' is specified as the Observation Method in the applicable Final Terms, the London Banking Day falling 'p' London Banking Days prior to the relevant London Banking Day 'i'; or
- (ii) where 'Observation Shift' is specified as the Observation Method in the applicable Final Terms, the relevant London Banking Day 'i'.

- (2) Subject to Condition 5(n), if, where any Rate of Interest is to be calculated pursuant to Condition 5(c)(iii)(B)(1) above, in respect of any London Banking Day on which an applicable SONIA reference rate is required to be determined, the Calculation Agent 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, then the SONIA reference

rate in respect of such London Banking Day shall be the rate determined by the Calculation Agent as:

- (a) the sum of (i) the Bank of England's Bank Rate (the **Bank Rate**) prevailing at 5.00 p.m. (London time) (or, if earlier, close of business) on such London Banking Day; and (ii) the mean of the spread of the SONIA reference rate to the Bank Rate over the previous five London Banking Days in respect of 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); or
- (b) if the Bank Rate under (a)(i) above is not available at the relevant time, either (A) the SONIA reference rate published on the Relevant Screen Page (or otherwise published by the relevant authorised distributors) for the first preceding London Banking Day in respect of which the SONIA reference rate was published on the Relevant Screen Page (or otherwise published by the relevant authorised distributors) or (B) if this is more recent, the latest rate determined under (a) above,

and in each case, references to "SONIA reference rate" in Condition 5(c)(iii)(B)(1) above shall be construed accordingly.

Notwithstanding the paragraph above, if the Bank of England publishes guidance as to (i) how the SONIA reference rate is to be determined or (ii) any rate that is to replace the SONIA reference rate, the Calculation Agent shall, subject to receiving written instructions from the Issuer and to the extent that it is reasonably practicable, follow such guidance in order to determine the SONIA reference rate for the purpose of the relevant Series of Notes for so long as the SONIA reference rate is not available or has not been published by the authorised distributors. To the extent that any amendments or modifications to these Conditions, the Trust Deed or the Agency Agreement are required in order for the Calculation Agent to follow such guidance in order to determine the SONIA reference rate, the Calculation Agent shall have no obligation to act until such amendments or modifications have been made in accordance with these Conditions, the Trust Deed or the Agency Agreement.

- (3) If the Rate of Interest cannot be determined in accordance with the foregoing provisions of this Condition 5(c)(iii)(B) by the Calculation Agent, and subject to Condition 5(n), 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 applicable Final Terms is to be applied to the relevant Interest Accrual Period from that which applied to the last preceding Interest Accrual Period, the Margin or Maximum Rate of Interest or Minimum Rate of Interest relating to the relevant Interest Accrual Period in place of the Margin or Maximum Rate of Interest or Minimum Rate of Interest relating to that last preceding Interest Accrual 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 Accrual 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 scheduled Interest Period),

in each case as determined by the Calculation Agent.

**(C) Screen Rate Determination – Overnight Rate - Compounded Daily SONIA - Index Determination**

- (1) Where (i) 'Screen Rate Determination' and 'Overnight Rate' are specified in the applicable Final Terms as the manner in which the Rate of Interest is to be determined, (ii) the Reference Rate is specified in the applicable Final Terms as being SONIA and (iii) 'Index Determination' is specified in the applicable Final Terms as being 'Applicable', the Rate of Interest for an Interest Accrual Period will, subject to Condition 5(n) and as provided below, be the Compounded Daily SONIA Rate with respect to such Interest Accrual Period plus or minus (as indicated in the applicable Final Terms) the applicable Margin (if any), all as determined by the Calculation Agent.

**Compounded Daily SONIA Rate** means, with respect to an Interest Accrual Period, the rate of return of a daily compound interest investment (with the daily Sterling overnight reference rate as reference rate for the calculation of interest) (expressed as a percentage and rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards) determined by the Calculation Agent by reference to the screen rate or index for compounded daily SONIA rates administered by the administrator of the SONIA reference rate that is published or displayed on the Relevant Screen Page specified in the applicable Final Terms or, if no such page is so specified or if such page is unavailable at the relevant time, as otherwise published or displayed by such administrator or other information service from time to time on the relevant Interest Determination Date (the **SONIA Compounded Index**), and in accordance with the following formula:

$$\left( \frac{\text{SONIA Compounded Index}_{End}}{\text{SONIA Compounded Index}_{Start}} - 1 \right)^x \times \frac{365}{d}$$

where:

**d** is the number of calendar days from (and including) the day in relation to which SONIA Compounded Index<sub>Start</sub> is determined to (but excluding) the day in relation to which SONIA Compounded Index<sub>End</sub> is determined;

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

**Relevant Number** is the number specified as such in the applicable Final Terms (or, if no such number is specified, five);

**SONIA Compounded Index<sub>Start</sub>** means, with respect to an Interest Accrual Period, the SONIA Compounded Index determined in relation to the day falling the Relevant Number of London Banking Days prior to the first day of such Interest Accrual Period; and

**SONIA Compounded Index**<sub>End</sub> means, with respect to an Interest Accrual Period, the SONIA Compounded Index determined in relation to the day falling the Relevant Number of London Banking Days prior to (A) the Interest Payment Date for such Interest Accrual Period, or (B) such other date on which the relevant payment of interest falls due (but which by its definition or the operation of the relevant provisions is excluded from such Interest Accrual Period).

- (2) If the relevant SONIA Compounded Index is not published or displayed by the administrator of the SONIA reference rate or other information service by 5.00 p.m. (London time) (or, if later, by the time falling one hour after the customary or scheduled time for publication thereof in accordance with the then-prevailing operational procedures of the administrator of the SONIA reference rate or of such other information service, as the case may be) on the relevant Interest Determination Date, the Compounded Daily SONIA Rate for the applicable Interest Accrual Period for which the SONIA Compounded Index is not available shall be "Compounded Daily SONIA" determined in accordance with Condition 5(c)(iii)(B) above as if 'Index Determination' were specified in the applicable Final Terms as being 'Not Applicable', and for these purposes: (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 Relevant Number of London Banking Days, as if those alternative elections had been made in the applicable Final Terms.

**(D) Determination of Rate of Interest following acceleration – Overnight Rates**

Where 'Screen Rate Determination' and 'Overnight Rate' are specified in the applicable Final Terms as the manner in which the Rate of Interest is to be determined, if the relevant Series of Notes become due and payable in accordance with Condition 10, the final Interest Determination Date shall, notwithstanding any Interest Determination Date specified in the applicable 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.

**(d) Zero Coupon Notes**

Where a Note the Interest Basis of which is specified to be Zero Coupon is repayable prior to the Maturity Date and is not paid when due, the amount due and payable prior to the Maturity Date shall be the Early Redemption Amount of such Note. As from the Maturity Date, the Rate of Interest for any overdue principal of such a Note shall be a rate per annum (expressed as a percentage) equal to the Amortisation Yield (as defined in Condition 6(b)(i)).

**(e) Accrual of Interest**

Interest shall cease to accrue on each Note on the due date for redemption unless, upon due presentation, payment is improperly withheld or refused, in which event interest shall continue to accrue (both before and after judgment) at the Rate of Interest (or, in the case of Resettable Notes, at the First Reset Rate of Interest or at the relevant Subsequent Reset Rate of Interest as applicable) in the manner provided in this Condition 5 to the Relevant Date (as defined in Condition 8).

**(f) Margin, Maximum/Minimum Rates of Interest and Redemption Amounts and Rounding**

- (i) If any Margin is specified in the applicable Final Terms (either (x) generally, or (y) in relation to one or more Interest Accrual Periods), an adjustment shall be made to all Rates of Interest, in the case of (x), or the Rates of Interest for the specified Interest Accrual Periods, in the case of (y), calculated in accordance with Condition 5(c) above (but without duplication where Condition 5(c) above already provides for the addition or subtraction of such Margin) by adding (if a positive number) or subtracting (if a negative number) the absolute value of such Margin, subject always to the next paragraph.
- (ii) If any Maximum or Minimum Rate of Interest or Redemption Amount is specified in the applicable Final Terms, then any Rate of Interest or Redemption Amount shall be subject to such maximum or minimum, as the case may be.
- (iii) For the purposes of any calculations required pursuant to these Conditions (unless otherwise specified), (x) all percentages resulting from such calculations shall be rounded, if necessary, to the nearest one hundred-thousandth of a percentage point (with halves being rounded up), (y) all figures shall be rounded to seven significant figures (with halves being rounded up) and (z) all currency amounts that fall due and payable shall be rounded to the nearest unit of such currency (with halves being rounded up), save in the case of yen, which shall be rounded down to the nearest yen. For these purposes **unit** means the lowest amount of such currency that is available as legal tender in the country of such currency.

**(g) Calculations**

The amount of interest payable per Calculation Amount in respect of any Note for any Interest Accrual Period shall be equal to the product of the Rate of Interest (or, in the case of Resetable Notes, the Initial Rate of Interest, the First Reset Rate of Interest or the relevant Subsequent Reset Rate of Interest, as the case may be), the Calculation Amount specified in the applicable Final Terms, and the Day Count Fraction for such Interest Accrual Period, unless an Interest Amount is applicable to such Interest Accrual Period, in which case the amount of interest payable per Calculation Amount in respect of such Note for such Interest Accrual Period shall equal such Interest Amount. Where any Interest Period comprises two or more Interest Accrual Periods, the amount of interest payable per Calculation Amount in respect of such Interest Period shall be the sum of Interest Amounts payable in respect of each of those Interest Accrual Periods. In respect of any other period for which interest is required to be calculated, the provisions above shall apply save that the Day Count Fraction shall be for the period for which interest is required to be calculated.

**(h) Relevant Screen Page Fallback Provision for Resetable Note Mid-Swap Rates**

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 (and other than where Condition 5(n) applies), the Calculation Agent shall request each of the Reference Banks (as defined below) 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, the First Reset Rate of Interest or the Subsequent Reset Rate of Interest (as applicable) for the relevant Reset Period shall be the sum (converted as set out in the definition of such term, where applicable) of the arithmetic mean (rounded, if necessary, to the nearest 0.001 per cent. (0.0005 per cent. being rounded upwards)) of the relevant Mid-

Market Swap Rate Quotations and the First Margin or the relevant Subsequent Margin (as applicable), all as determined by the Calculation Agent.

If on any Reset Determination Date only one or 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(h), the First Reset Rate of Interest or the Subsequent Reset Rate of Interest (as applicable) shall be determined by the Calculation Agent as if, and on the assumption that, the relevant Mid-Swap Rate were equal to:

- (i) the Mid-Swap Rate as if determined as at the latest date (the **Latest Publication Date**) on which the relevant swap rate (if "Single Mid-Swap Rate" is specified in the applicable Final Terms) or swap rate quotations (if "Mean Mid-Swap Rate" is specified in the applicable Final Terms) for a swap in the Specified Currency with a term equal to the relevant Reset Period was/were published on the Relevant Screen Page (deeming such latest rate or rates, as applicable, to apply to a swap commencing on the relevant Resettable Note Reset Date, whether or not this is the case); or
- (ii) if this is more recent than the Latest Publication Date, or if for any reason the relevant Reset Reference Rate cannot otherwise be determined in accordance with paragraph (i) above, the Mid-Swap Rate determined as at the last preceding Reset Determination Date (or, for the purpose of determining the First Reset Rate of Interest on the first Reset Determination Date, the Mid-Swap Fallback Rate specified in the applicable Final Terms).

For the purposes of this Condition 5(h), **Reference Banks** means the principal office in the principal financial centre of the Specified Currency of four major banks in the swap, money, securities or other market most closely connected with the relevant Mid-Swap Rate as selected by the Issuer on the advice of an investment bank of international repute.

**(i) Linear Interpolation**

Where Linear Interpolation is specified as applicable in respect of an Interest Period in the applicable 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 Reference Rate, one of which 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 the other of which 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 is shorter or, as the case may be, next is longer, then the Calculation Agent shall determine such rate at such time and by reference to such sources as it determines appropriate.

**Designated Maturity** means, in relation to Screen Rate Determination, the period of time designated in the Reference Rate.

**(j) Determination and Publication of Rates of Interest and Interest Amounts**

As soon as practicable on each Interest Determination Date (and, in the case of Resettable Notes, each Reset Determination Date) or such other time on such date as the Calculation Agent may be required to calculate any rate or amount, obtain any quotation or make any determination or calculation, it shall determine such rate and calculate the Interest Amounts for the relevant Interest Accrual Period or Reset Period, obtain such quotation or make such determination or calculation, as the case may be, and cause the Rate of Interest, the Reset

Rate of Interest and the Interest Amounts for each Interest Period or Reset Period and the relevant Interest Payment Date or Resettable Note Interest Period Date to be notified to the Trustee, the Issuer, each of the Paying Agents, the Noteholders, any other Calculation Agent appointed in respect of the Notes that is to make a further calculation upon receipt of such information and, if the Notes are listed the official list (the **Official List**) of the Financial Conduct Authority in its capacity as competent authority (the **FCA**) under the Financial Services and Markets Act 2000 (the **FSMA**) or on any stock exchange or other relevant authority and the rules of the FCA or such stock exchange or other relevant authority, as the case may be, so require, the FCA or such stock exchange or other relevant authority, as soon as possible after their determination but in no event later than (i) the commencement of the relevant Interest Period and/or Reset Period, if determined prior to such time, in the case of notification to such exchange of a Rate of Interest, Reset Rate of Interest and Interest Amount, or (ii) in all other cases, the fourth Business Day after such determination.

Where any Interest Payment Date or Interest Period Date is subject to adjustment pursuant to Condition 5(c)(ii), the Rate of Interest (if interest is to be calculated by reference to SONIA), Interest Amounts and the Interest Payment Date so published may subsequently be amended (or appropriate alternative arrangements made with the prior consent of the Trustee by way of adjustment) without notice in the event of an extension or shortening of the Interest Period.

If the Notes become due and payable under Condition 10, and subject to Condition 5(c)(iii)(D) where applicable, the accrued interest and the Rate of Interest or Reset Rate of Interest payable in respect of the Notes shall nevertheless continue to be calculated as previously in accordance with this Condition but no publication of the Rate of Interest, Reset Rate of Interest or the Interest Amount so calculated need be made unless the Trustee otherwise requires. The determination of any rate or amount, the obtaining of each quotation and the making of each determination or calculation by the Calculation Agent(s) shall (in the absence of manifest error) be final and binding upon all parties.

**(k) Definitions**

In these Conditions, unless the context otherwise requires, the following defined terms shall have the meanings set out below:

**Business Day** means:

- (i) in the case of a currency other than euro, a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets settle payments in the principal financial centre for such currency, which in the case of Australian dollars will be Sydney, or, in the case of New Zealand dollars will be Auckland; and/or
- (ii) in the case of euro, a day on which T2 is operating (a **T2 Business Day**); and/or
- (iii) in the case of a currency and/or one or more Business Centres (as specified in the applicable Final Terms) a day (other than a Saturday or a Sunday) on which commercial banks and foreign exchange markets settle payments in such currency in the Business Centre(s) or, if no currency is indicated, generally in each of the Business Centres; and/or
- (iv) if T2 is specified as a Business Centre in the applicable Final Terms, a T2 Business Day;

**Day Count Fraction** means, in respect of the calculation of an amount of interest on any Note for any period of time (from and including the first day of such period to but excluding the last) (whether or not constituting an Interest Period or an Interest Accrual Period, the **Calculation Period**):

- (i) if “Actual/Actual” or “Actual/Actual – ISDA” is specified in the applicable Final Terms, the actual number of days in the Calculation Period divided by 365 (or, if any portion of that Calculation Period falls in a leap year, the sum of (A) the actual number of days in that portion of the Calculation Period falling in a leap year divided by 366 and (B) the actual number of days in that portion of the Calculation Period falling in a non-leap year divided by 365);
- (ii) if “Actual/365 (Fixed)” is specified in the applicable Final Terms, the actual number of days in the Calculation Period divided by 365;
- (iii) if “Actual/365 (Sterling)” is specified in the applicable Final Terms, the actual number of days in the Calculation Period divided by 365 or, in the case of an Interest Payment Date falling in a leap year, 366;
- (iv) if “Actual/360” is specified in the applicable Final Terms, the actual number of days in the Calculation Period divided by 360;
- (v) if “30/360”, “360/360” or “Bond Basis” is specified in the applicable Final Terms, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

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

where:

“Y<sub>1</sub>” is the year, expressed as a number, in which the first day of the Calculation Period falls;

“Y<sub>2</sub>” is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“M<sub>1</sub>” is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

“M<sub>2</sub>” is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“D<sub>1</sub>” is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case D<sub>1</sub> will be 30; and

“D<sub>2</sub>” 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<sub>1</sub> is greater than 29, in which case D<sub>2</sub> will be 30;

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



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

where:

“Y<sub>1</sub>” is the year, expressed as a number, in which the first day of the Calculation Period falls;

“Y<sub>2</sub>” is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“M<sub>1</sub>” is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

“M<sub>2</sub>” is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“D<sub>1</sub>” is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case D<sub>1</sub> will be 30; and

“D<sub>2</sub>” 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<sub>2</sub> will be 30;

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

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

where:

“Y<sub>1</sub>” is the year, expressed as a number, in which the first day of the Calculation Period falls;

“Y<sub>2</sub>” is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“M<sub>1</sub>” is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

“M<sub>2</sub>” is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“D<sub>1</sub>” is the first calendar day, expressed as a number, of the Calculation Period, unless (i) that day is the last day of February or (ii) such number would be 31, in which case D<sub>1</sub> will be 30; and

“D<sub>2</sub>” is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless (i) that day is the last day of February but not the Maturity Date or (ii) such number would be 31, in which case D<sub>2</sub> will be 30; and

- (viii) if “Actual/Actual – ICMA” is specified in the applicable Final Terms:

- (a) if the Calculation Period is equal to or shorter than the Determination Period during which it falls, the number of days in the Calculation Period divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Periods normally ending in any year; and
- (b) if the Calculation Period is longer than one Determination Period, the sum of:
  - (x) the number of days in such Calculation Period falling in the Determination Period in which it begins divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Periods normally ending in any year; and
  - (y) the number of days in such Calculation Period falling in the next Determination Period divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Periods normally ending in any year;

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

**Determination Date** means the date(s) specified as such in the applicable Final Terms or, if none is so specified, the Interest Payment Date(s);

**Eurozone** means the region comprised of member states of the European Union that adopt the single currency in accordance with the Treaty establishing the European Community, as amended;

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

**First Resettable Note Reset Date** means the date specified as such the applicable Final Terms;

**First Reset Period** means the period from (and including) the First Resettable Note Reset Date to (but excluding) the Second Resettable Note Reset Date, or if no such Second Resettable Note Reset Date is specified in the applicable Final Terms, the Maturity Date;

**First Reset Rate of Interest** means, subject to Condition 5(h) above, the rate of interest being determined by the Calculation Agent on the relevant Reset Determination Date as the sum, converted from a basis equivalent to the Fixed Leg Swap Duration specified in the relevant Final Terms or the Reference Bond Yield, as the case may be, to a basis equivalent to the frequency with which scheduled interest payments are payable on the Notes during the relevant Reset Period (such calculation to be made by the Issuer in conjunction with a leading financial institution selected by it (which may be the Calculation Agent)), of (a) the relevant Reset Reference Rate plus (b) the First Margin;

**Fixed Leg Swap Duration** means the period or periods specified as such in the applicable Final Terms;

**“Floating Leg Swap Duration”** has the meaning specified in the applicable Final Terms;

**Initial Rate of Interest** means the initial rate of interest per annum specified as such in the applicable Final Terms;

**Interest Accrual Period** means (as the context admits) (i) each Interest Period and (ii) any other period (if any) in respect of which interest is to be calculated, being the period from (and including) the first day of such period to (but excluding) the day on which the relevant payment of interest falls due (which, if the Notes become due and payable in accordance with Condition 10, shall be the date on which the Notes become due and payable);

**Interest Amount** means:

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

**Interest Commencement Date** means the Issue Date or such other date as may be specified in the applicable Final Terms;

**Interest Determination Date** means, with respect to a Rate of Interest and Interest Accrual Period, the date specified as such in the applicable Final Terms or, if none is so specified, (i) the first day of such Interest Accrual Period if the Specified Currency is Sterling or (ii) the day falling two Business Days in London for the Specified Currency prior to the first day of such Interest Accrual Period if the Specified Currency is neither Sterling nor euro or (iii) the day falling two T2 Business Days prior to the first day of such Interest Accrual Period if the Specified Currency is euro;

**Interest Period** means the period beginning on (and including) the Interest Commencement Date and ending on (but excluding) the first Interest Payment Date and each successive period beginning on (and including) an Interest Payment Date and ending on (but excluding) the next succeeding Interest Payment Date;

**Interest Period Date** means each Interest Payment Date or Resettable Note Interest Payment Date unless otherwise specified in the applicable Final Terms;

**Issue Date** means (unless otherwise specified or the context otherwise requires) the date of issue of the first Tranche of the Notes of the relevant Series;

**Mid-Market Swap Rate** means (subject to Condition 5(h) and Condition 5(n), if applicable) for any Reset Period the mean of the bid and offered rates for the fixed leg payable with a frequency equivalent to the Fixed Leg Swap Duration specified in the applicable Final Terms (calculated on the basis of the Day Count Fraction as specified in the applicable Final Terms as determined by the Calculation Agent) 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 Resettable Note 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 Floating Leg Swap Duration (as specified in the applicable Final Terms) (calculated on the basis of the Day Count Fraction as specified for such Mid-Swap Floating Leg Benchmark Rate, as determined by the Calculation Agent);

**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 (subject to Condition 5(n), if applicable) the reference rate specified as such in the applicable Final Terms, or if no such reference rate is so specified:

- (i) if the Specified Currency is euro, the EURIBOR rate for the Floating Leg Swap Duration (calculated on an Actual/360 day count basis);
- (ii) if the Specified Currency is pounds sterling, the overnight SONIA rate compounded for the Floating Leg Swap Duration (calculated on an Actual/365 day count basis);
- (iii) if the Specified Currency is U.S. dollars, the overnight SOFR rate compounded for the Floating Leg Swap Duration (calculated on an Actual/360 day count basis); or
- (iv) if the Specified Currency is a currency other than euro, pounds sterling or U.S. dollars, the reference rate customary for determining the mid-swap floating leg for swaps in the relevant Specified Currency at such time, (calculated on such day count basis as is then customary for floating rate payments in the Specified Currency as determined by the Calculation Agent);

**Mid-Swap Rate** means (subject to Condition 5(h) and Condition 5(n), if applicable), in relation to a Reset Determination Date, either:

- (i) if 'Single Mid-Swap Rate' is specified in the applicable 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 Resettable Note Reset Date, which appears on the Relevant Screen Page; or
- (ii) if 'Mean Mid-Swap Rate' is specified in the applicable Final Terms, the arithmetic mean (expressed as a percentage rate per annum and rounded, if necessary, to the nearest 0.001 per cent. (0.0005 per cent. being rounded upwards) 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 Resettable Note 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 **provided, however, that** if there is no such rate appearing on the Relevant Screen Page for a term equal to the relevant Reset Period, then the Mid-Swap Rate shall be determined through the use of straight-line interpolation by reference to two rates, one of which shall be determined in accordance with the above provisions, but as if the relevant Reset Period were the period of time for which rates are available next shorter than the length of the actual Reset Period and the other of which shall be determined in accordance with the above provisions, but as if the relevant Reset Period were the period of time for which rates are available next longer than the length of the actual Reset Period;

**Rate of Interest** means the rate of interest payable from time to time in respect of this Note and that is either specified or calculated in accordance with the provisions in the applicable Final Terms;

**Reference Banks** means, in the case of a determination of EURIBOR, the principal Euro-zone office of four major banks in the Euro-zone inter-bank market, in each case selected by the Calculation Agent;

**Reference Bond Yield** means the annual yield to maturity or interpolated yield to maturity (on the relevant day count basis) of the relevant Reference Bond expressed as a percentage, as determined by the Calculation Agent as follows on the basis of the Reference Government Bond Dealer Quotations provided to the Calculation Agent (upon request by or on behalf of the Issuer) by the Reference Government Bond Dealers at or around the relevant Reference Bond Reset Rate Time on the relevant Reset Determination Date. If four or more Reference Government Bond Dealer Quotations are so provided, the Reset Reference Rate shall be the arithmetic average of such Reference Government Bond Dealer Quotations after excluding the highest (or, in the event of equality, one of the highest) and lowest (or, in the event of equality, one of the lowest) such Reference Government Bond Dealer Quotations. If only two or three Reference Government Bond Dealer Quotations are so provided, the Reset Reference Rate shall be the arithmetic average of all such quotations. If only one Reference Government Bond Dealer Quotation is so provided, the Reset Reference Rate shall be the quotation provided. If no Reference Government Bond Dealer Quotations are so provided, the Reset Reference Rate will be (i) in the case of each Reset Period other than the First Reset Period, the Reset Reference Rate in respect of the immediately preceding Reset Period or (ii) in the case of the First Reset Period, the "Reference Bond Fallback Rate" set out in the applicable Final Terms,

where:

- **Reference Bond** means for any Reset Period a government security or securities issued by the state responsible for issuing the Specified Currency (which, if the Specified Currency is euro, and unless otherwise specified in the applicable Final Terms, shall be Germany) selected by the Issuer on the advice of an investment bank of international repute as having an actual or interpolated maturity comparable with the relevant Reset Period that would be utilised, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities denominated in the same currency as the Notes and of a comparable maturity to the relevant Reset Period;

- **Reference Bond Reset Rate Time** means the time specified in the applicable Final Terms;
- **Reference Government Bond Dealer** means each of five banks (selected by the Issuer on the advice of an investment bank of international repute), or their affiliates, which are (A) primary government securities dealers, and their respective successors, or (B) market makers in pricing corporate bond issues; and
- **Reference Government Bond Dealer Quotations** means, with respect to each Reference Government Bond Dealer and the relevant Reset Determination Date, the arithmetic mean average, as determined by the Calculation Agent, of the bid and offered yields to maturity or interpolated yields to maturity (on the relevant day count basis) for the relevant Reference Bond (expressed in each case as a percentage of its nominal amount) at or around the Reference Bond Reset Rate Time on the relevant Reset Determination Date quoted in writing to the Calculation Agent by such Reference Government Bond Dealer;

**Reference Rate** means the rate specified in the applicable Final Terms;

**Relevant Screen Page** means such page, section, caption, column or other part of a particular information service as may be specified in the applicable Final Terms for the purpose of providing a Reference Rate, or such other page, section, caption, column or other part as may replace it on that information service or on such other information service, in each case as may be nominated by the person or organisation providing or sponsoring the information appearing there for the purpose of displaying rates or prices comparable to that Reference Rate;

**Reset Determination Date** means, unless otherwise specified in the applicable Final Terms, in respect of the First Reset Period, the second Business Day prior to the First Resettable Note Reset Date, in respect of the first Subsequent Reset Period, the second Business Day prior to the Second Resettable Note Reset Date and, in respect of each Reset Period thereafter, the second Business Day prior to the first day of each such Subsequent Reset Period;

**Reset Period** means the First Reset Period or a Subsequent Reset Period;

**Reset Rate of Interest** means the Initial Rate of Interest, the First Reset Rate of Interest or the Subsequent Reset Rate of Interest, as applicable;

**Reset Reference Rate** means either (i) if Mid-Swaps is specified in the applicable Final Terms the Mid-Swap Rate, or (ii) if Reference Bond is specified in the applicable Final Terms, the Reference Bond Yield;

**Resettable Note Interest Payment Date** means each date specified as such in the applicable Final Terms;

**Resettable Note Reset Date** means the First Resettable Note Reset Date, the Second Resettable Note Reset Date and every Subsequent Resettable Note Reset Date as may be specified as such in the applicable Final Terms;

**Second Resettable Note Reset Date** means the date specified as such in the applicable Final Terms;

**Specified Currency** means the currency specified as such in the applicable Final Terms or, if none is specified, the currency in which the Notes are denominated;

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

**Subsequent Reset Period** means the period from (and including) the Second Resettable Note Reset Date to (but excluding) the next Resettable Note Reset Date (or if there is no such succeeding Resettable Note Reset Date, the Maturity Date), and each successive period from (and including) a Resettable Note Reset Date to (but excluding) the next succeeding Resettable Note Reset Date (or if there is no such succeeding Resettable Note Reset Date, the Maturity Date);

**Subsequent Resettable Note Reset Date** means the date or dates specified as such in the applicable Final Terms;

**Subsequent Reset Rate of Interest** means (subject to Condition 5(h) and Condition 5(n), if applicable), in respect of any Subsequent Reset Period, the rate of interest being determined by the Calculation Agent on the relevant Reset Determination Date as the sum, converted from a basis equivalent to the Fixed Leg Swap Duration specified in the relevant Final Terms or the Reference Bond Yield, as the case may be, to a basis equivalent to the frequency with which scheduled interest payments are payable on the Notes during the relevant Reset Period (such calculation to be made by the Issuer in conjunction with a leading financial institution selected by it (which may be the Calculation Agent)), of (a) the relevant Reset Reference Rate plus (b) the applicable Subsequent Margin;

**Subsidiary** means a subsidiary within the meaning of Section 1159 of the Companies Act 2006 and **Subsidiaries** shall be construed accordingly; and

**T2** means the Trans-European Automated Real-Time Gross Settlement Express Transfer System (known as T2) or any successor to or replacement for that system.

**(l) Calculation Agent and Reference Banks**

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

**(m) Certificates to be final**

All certificates, communications, opinions, determinations, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of this Condition 5 shall (in the absence of wilful default, bad faith or manifest error) be binding on the Issuer, the Calculation Agent, the other Paying Agents, the Trustee and all Noteholders and Coupon holders and (in the absence as aforesaid) no liability to the Issuer, the Trustee, the Noteholders or the Couponholders shall attach to the Calculation Agent in connection with the exercise or non-exercise by it of its powers, duties and discretions pursuant to such provisions.

**(n) Benchmark Discontinuation**

*(i) Independent Adviser*

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 Issuer shall use its reasonable endeavours to appoint an Independent Adviser, as soon as reasonably practicable, to determine a Successor Rate, failing which an Alternative Rate (in accordance with Condition 5(n)(ii)) and, in either case, an Adjustment Spread (in accordance with Condition 5(n)(iii)) and any Benchmark Amendments (in accordance with Condition 5(n)(iv)).

An Independent Adviser appointed pursuant to this Condition 5(n) shall act in good faith and in a commercially reasonable manner as an expert. In the absence of bad faith or fraud, the Independent Adviser shall have no liability whatsoever to the Issuer, the Trustee, the Paying Agents, the Noteholders or the Couponholders for any determination made by it pursuant to this Condition 5(n).

If (i) the Issuer is unable to appoint an Independent Adviser; or (ii) the Independent Adviser appointed by it fails to determine a Successor Rate or, failing which, an Alternative Rate in accordance with Condition 5(n)(ii) prior to the relevant Interest Determination Date, the Rate of Interest applicable to the next succeeding Interest Accrual Period shall be equal to the Rate of Interest last determined in relation to the Notes in respect of the immediately preceding Interest Accrual 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 or Maximum or Minimum Rate of Interest is to be applied to the relevant Interest Accrual Period from that which applied to the last preceding Interest Accrual Period, the Margin or Maximum or Minimum Rate of Interest relating to the relevant Interest Accrual Period shall be substituted in place of the Margin or Maximum or Minimum Rate of Interest relating to that last preceding Interest Accrual Period. For the avoidance of doubt, this Condition 5(n) shall apply to the relevant next succeeding Interest Accrual Period only and any subsequent Interest Accrual Periods are subject to the subsequent operation of, and to adjustment as provided in, this Condition 5(n).

*(ii) Successor Rate or Alternative Rate*

If the Independent Adviser determines that:

- (A)** there is a Successor Rate, then such Successor Rate shall (subject to adjustment as provided in Condition 5(n)(iii)) 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 5(n)); or



**(B)** there is no Successor Rate but that there is an Alternative Rate, then such Alternative Rate shall (subject to adjustment as provided in Condition 5(n)(iii)) 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 5(n)).

(iii) *Adjustment Spread*

If the Independent Adviser determines (i) that an Adjustment Spread is required to be applied to the Successor Rate or the Alternative Rate (as the case may be) and (ii) the quantum of, or a formula or methodology for determining, such Adjustment Spread, then such Adjustment Spread shall be applied to the Successor Rate or the Alternative Rate (as the case may be).

(iv) *Benchmark Amendments*

If any Successor Rate, Alternative Rate or Adjustment Spread is determined in accordance with this Condition 5(n) and the Independent Adviser determines (i) that amendments to these Conditions and/or the Trust Deed and/or the Agency Agreement are necessary to ensure the proper operation of such Successor Rate, Alternative Rate and/or Adjustment Spread (such amendments, the **Benchmark Amendments**) and (ii) the terms of the Benchmark Amendments, then the Issuer shall, subject to giving notice thereof in accordance with Condition 5(n)(v), without any requirement for the consent or approval of Noteholders, vary these Conditions and/or the Trust Deed and/or the Agency Agreement to give effect to such Benchmark Amendments with effect from the date specified in such notice.

At the request of the Issuer, but subject to receipt by the Trustee and the Agents of a certificate signed by two Directors of the Issuer pursuant to Condition 5(n)(v), the Trustee and the Agents shall (at the expense of the Issuer), without any requirement for the consent or approval of the Noteholders, be obliged to concur with the Issuer in effecting any Benchmark Amendments (including, *inter alia*, by the execution of a deed supplemental to or amending the Trust Deed and/or an agreement supplemental to or amending the Agency Agreement), provided that the Trustee and the Agents shall not be obliged so to concur if in the opinion of the Trustee or any of the Agents doing so would impose more onerous obligations upon it or expose it to any additional duties, responsibilities or liabilities or reduce or amend the protective provisions afforded to the Trustee or the Agents in these Conditions or the Trust Deed or the Agency Agreement (including, for the avoidance of doubt, any supplemental trust deed or supplemental agency agreement) in any way.

The Trustee and the Agents shall have no responsibility for the consequences of any such Benchmark Amendments for any Noteholder or any other party.

In connection with any such variation in accordance with this Condition 5(n)(iv), the 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 5(n), no Successor Rate or Alternative Rate will be adopted, nor any Adjustment Spread applied, nor will any Benchmark Amendments be made, if and to the extent that, in the determination of the Issuer, the same could reasonably be expected either (i) to prejudice the qualification of the Notes as Tier 2 Capital of the 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 Non-Preferred Notes only) to result in the relevant Supervisory Authority treating the Interest Payment Date

or Resettable Note Reset Date, as the case may be, as the effective maturity date of the Notes, rather than the relevant maturity date.

(v) *Notices, etc.*

Any Successor Rate, Alternative Rate, Adjustment Spread and the specific terms of any Benchmark Amendments determined under this Condition 5(n) will be notified promptly by the Issuer to the Trustee, the Calculation Agent, the Paying Agents and, in accordance with Condition 15, 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 of the same, the Issuer shall deliver to the Trustee a certificate signed by two Directors of the Issuer: (A) confirming (a) that a Benchmark Event has occurred, (b) the Successor Rate or, as the case may be, the Alternative Rate and, (c) where applicable, any Adjustment Spread and/or the specific terms of any Benchmark Amendments, in each case as determined in accordance with the provisions of this Condition 5(n); and (B) certifying that the Benchmark Amendments are necessary to ensure the proper operation of such Successor Rate, Alternative Rate and/or Adjustment Spread.

The Trustee shall be entitled to rely on such certificate (without further enquiry and without liability to any person) as sufficient evidence thereof. The Successor Rate or Alternative Rate, the Adjustment Spread and the Benchmark Amendments (if any) specified in such certificate will (in the absence of manifest error or bad faith in the determination of the Successor Rate or Alternative Rate, the Adjustment Spread and the Benchmark Amendments (if any) and without prejudice to the Trustee's ability to rely on such certificate as aforesaid) be binding on the Issuer, the Trustee, the Calculation Agent, the Paying Agents and the Noteholders.

(vi) *Survival of Original Reference Rate*

Without prejudice to the obligations of the Issuer under Condition 5(n)(i), (ii), (iii) and (iv), the Original Reference Rate and the fallback provisions provided for in Condition 5(c)(iii)(A), Condition 5(c)(iii)(B), Condition 5(c)(iii)(C) or Condition 5(h), as the case may be, will continue to apply unless and until a Benchmark Event has occurred.

(vii) *Definitions:*

As used in this Condition 5(n):

**Adjustment Spread means** either a spread (which may be positive, negative or zero), or the formula or methodology for calculating a spread, in either case, which the Independent Adviser determines is to be applied to the Successor Rate or the Alternative Rate (as the case may be), being the spread, formula or methodology which:

- (A) in the case of a Successor Rate, is formally recommended, or formally provided as an option for parties to adopt, in relation to the replacement of the Original Reference Rate with the Successor Rate by any Relevant Nominating Body;
- (B) in the case of an Alternative Rate (or in the case of a Successor Rate where (A) above does not apply), the Independent Adviser, acting in good faith, determines is in customary market usage (or reflects an industry-accepted rate, formula or methodology) in the international debt capital market for transactions which reference the Original Reference Rate, where such rate has been replaced by the Alternative Rate (or, as the case may be, the Successor Rate); or

- (C) if no such recommendation or option has been made (or made available) under (A) above and if the Independent Adviser determines there is no such spread, formula or methodology in customary market usage or which is industry-accepted under (B) above, the Independent Adviser, acting in good faith and in a commercially reasonable manner, determines to be appropriate having regard to the objective, so far as is reasonably practicable in the circumstances and solely for the purposes of this paragraph (C), of reducing or eliminating any economic prejudice or benefit (as the case may be) to the Noteholders;

**Alternative Rate** means an alternative benchmark or screen rate which the Independent Adviser determines in accordance with this Condition 5(n)(ii) has replaced the Original Reference Rate in customary market usage, or is an industry-accepted rate, in the international debt capital markets for the purposes of determining rates of interest (or the relevant component part thereof) for a commensurate interest period and in the same Specified Currency as the Notes.

**Benchmark Amendments** has the meaning given to it in Condition 5(n)(iv).

**Benchmark Event** means, with respect to an Original Reference Rate, any one or more of the following:

- (A) the Original Reference Rate ceasing to exist or to be published or administered on a permanent or indefinite basis;
- (B) the making of a public statement by the administrator of the Original Reference Rate that it has ceased or will cease to publish 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);
- (C) 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;
- (D) the making of a public statement by the supervisor of the administrator of the Original Reference Rate that the Original Reference Rate will be prohibited from being used, is no longer (or will no longer be) representative of its underlying market or that its use will be subject to restrictions or adverse consequences, in each case in circumstances where the same shall be applicable to the Notes; or
- (E) it has or will prior to the next Interest Determination Date or Reset Determination Date, as applicable, become unlawful for the Issuer, the Calculation Agent, or any Paying Agent to calculate any payments due to be made to any Noteholder or Couponholder using the Original Reference Rate (including, without limitation, under the Regulation (EU) 2016/1011 as that Regulation applies in the European Union and/or as it applies in the United Kingdom in the form retained as domestic law in the United Kingdom under the European Union (Withdrawal) Act 2018, as amended, if applicable),

provided that in the case of paragraphs (B) to (D) above, the Benchmark Event shall occur on:

- (i) in the case of (B) above, the date of the cessation of the publication of the Original Reference Rate;
- (ii) in the case of (C) above, the discontinuation of the Original Reference Rate; or
- (iii) in the case of (D) above, the date on which the Original Reference Rate is prohibited from use, is deemed no longer to be representative or becomes subject to restrictions or adverse consequences (as applicable),

and not (in any such case) the date of the relevant public statement (unless the date of the relevant public statement coincides with the relevant date in (i), (ii) or (iii) above, as applicable).

**Independent Adviser** means an independent financial institution of international repute or an independent adviser with appropriate expertise appointed by the Issuer under Condition 5(n)(i).

**Original Reference Rate** means the benchmark or screen rate (as applicable) originally specified for the purpose of determining the relevant Rate of Interest (or any relevant component part(s) thereof) on the Notes (provided that if, following one or more Benchmark Events, such originally specified Reference Rate (or any Successor Rate or Alternative Rate which has replaced it) has been replaced by a (or a further) Successor Rate or Alternative Rate and a Benchmark Event subsequently occurs in respect of such Successor Rate or Alternative Rate, the term "Original Reference Rate" shall be deemed to include any such Successor Rate or Alternative Rate).

**Relevant Nominating Body** means, in respect of a benchmark or screen rate (as applicable):

- (A) 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
- (B) any working group or committee sponsored by, chaired or co-chaired by or constituted at the request of (a) the central bank for the currency to which the benchmark or screen rate (as applicable) relates, (b) any central bank or other supervisory authority which is responsible for supervising the administrator of the benchmark or screen rate (as applicable), (c) a group of the aforementioned central banks or other supervisory authorities or (d) the Financial Stability Board or any part thereof.

**Successor Rate** means a successor to or replacement of the Original Reference Rate which is formally recommended by any Relevant Nominating Body.

## 6 Redemption, Purchase and Options

### (a) Final Redemption

Unless previously redeemed or purchased and cancelled as provided below, each Note will be redeemed on the Maturity Date specified in the applicable Final Terms at its Final Redemption Amount (which, unless otherwise provided in the applicable Final Terms, is its nominal amount).

**(b) Early Redemption Amounts**

(i) Zero Coupon Notes

- (A) The Early Redemption Amount payable in respect of any Zero Coupon Note, upon redemption of such Note pursuant to Condition 6(c) or upon it becoming due and payable as provided in Condition 10 shall be the Amortised Face Amount (calculated as provided below) of such Note.
- (B) Subject to the provisions of sub-paragraph (C) below, the Amortised Face Amount of any such Note shall be the scheduled Final Redemption Amount of such Note on the Maturity Date discounted at a rate per annum (expressed as a percentage) equal to the Amortisation Yield (which, if none is specified in the applicable Final Terms, shall be such rate as would produce an Amortised Face Amount equal to the issue price of the Notes if they were discounted back to their issue price on the Issue Date) compounded annually.
- (C) If the Early Redemption Amount payable in respect of any such Note upon its redemption pursuant to Condition 6(c) or upon it becoming due and payable as provided in Condition 10 is not paid when due, the Early Redemption Amount due and payable in respect of such Note shall be the Amortised Face Amount of such Note as defined in sub-paragraph (B) above, except that such subparagraph shall have effect as though the date on which the Note becomes due and payable were the Relevant Date. The calculation of the Amortised Face Amount in accordance with this sub-paragraph shall continue to be made (both before and after judgment) until the Relevant Date, unless the Relevant Date falls on or after the Maturity Date, in which case the amount due and payable shall be the scheduled Final Redemption Amount of such Note on the Maturity Date together with any interest that may accrue in accordance with Condition 5(d).

Where such calculation is to be made for a period of less than one year, it shall be made on the basis of the Day Count Fraction shown in the applicable Final Terms.

(ii) Other Notes

The Early Redemption Amount payable in respect of any Note (other than Notes described in (i) above), upon redemption of such Note pursuant to Condition 6(c) or upon it becoming due and payable as provided in Condition 10, shall be the Final Redemption Amount unless otherwise specified in the applicable Final Terms.

**(c) Redemption for Taxation Reasons**

Subject (in the case of Subordinated Notes only) to Regulatory Approval and compliance with the Regulatory Preconditions (each as defined below) and (in the case of Senior Non-Preferred Notes only) to Condition 6(j), and provided that notice is given (within the period specified in the applicable Final Terms) to the Trustee and, in accordance with Condition 15, the Noteholders (which notice shall be irrevocable and shall specify the date fixed for redemption), if, as a result of a Tax Law Change:

- (A) on the occasion of the next payment due in respect of the Notes, the Issuer will or would be required to pay additional amounts as described under Condition 8 or to account to any taxing authority in the United Kingdom (**UK**) for any amount (other than any tax withheld or deducted from interest payable in respect of the Notes) calculated by reference to any amount payable in respect of the Notes; or

- (B) (in the case of Senior Non-Preferred Notes and Subordinated Notes only) the Issuer would not be entitled to claim a deduction in respect of any interest payable in respect of the Notes in computing its taxation liabilities or the amount of any such deduction would be materially reduced,

and provided that the consequences of such event cannot be avoided by the Issuer taking reasonable measures available to it (each such event being referred to as a **Tax Event**),

the Issuer may redeem at any time (if this Note is not a Floating Rate Note) or on any Interest Payment Date (if this Note is a Floating Rate Note) all (but not some only) of the Notes at their Early Redemption Amount referred to in Condition 6(b) above together, if applicable, with any unpaid interest accrued to (but excluding) the date fixed for redemption. Upon the expiry of such notice the Issuer shall be bound to redeem the Notes accordingly.

Prior to the publication of any notice of early redemption pursuant to this Condition 6(c), the Issuer shall deliver to the Trustee a certificate signed by any two Directors of the Issuer stating that the relevant requirement or circumstance giving rise to the right to redeem is satisfied. The Trustee shall be entitled, without liability to any person, to accept such certificate without any further inquiry 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 Noteholders.

**(d) Redemption at the option of the Issuer (Issuer Call)**

Subject (in the case of Subordinated Notes only) to Regulatory Approval and compliance with the Regulatory Preconditions and (in the case of Senior Non-Preferred Notes only) to Condition 6(j), if Issuer Call is specified in the applicable Final Terms, the Issuer may, having given notice (within the period specified in the applicable Final Terms) to the Trustee, the Issuing and Paying Agent and, in accordance with Condition 15, the holders of the Notes (which notice shall be irrevocable and shall specify the date fixed for redemption), redeem all or some only of the Notes then outstanding on any Optional Redemption Date(s) and at the Optional Redemption Amount(s), as specified in the applicable Final Terms, together, if applicable, with any unpaid interest accrued to (but excluding) the relevant Optional Redemption Date. Upon expiry of such notice the Issuer shall be bound to redeem the Notes accordingly.

In the event of a redemption of some only of the Notes, such redemption must be for an amount not less than the Minimum Redemption Amount specified in the applicable Final Terms (if any) nor more than the Maximum Redemption Amount specified in the applicable Final Terms (if any).

In the case of a partial redemption of Notes, the Notes to be redeemed (**Redeemed Notes**) will (i) be selected individually by lot, in the case of Redeemed Notes represented by definitive Notes, and (ii) in the case of Redeemed Notes represented by a Global Note or Global Certificate, in accordance with the rules of Euroclear and/or Clearstream, Luxembourg (to be reflected in the records of Euroclear and Clearstream, Luxembourg as either a pool factor or a reduction in nominal amount, at their discretion), not more than 30 days prior to the date fixed for redemption (such date of selection being hereinafter called the **Selection Date**). In the case of Redeemed Notes represented by definitive Notes, a list of such Redeemed Notes will be published in accordance with Condition 15 not less than 15 days prior to the date fixed for redemption. No exchange of the relevant Global Note or Global Certificate will be permitted during the period from and including the Selection Date to and including the date fixed for redemption pursuant to this Condition 6(d) and notice to that

effect shall be given by the Issuer to the Noteholders in accordance with Condition 15 at least 10 days prior to the Selection Date.

**(e) Redemption at the Option of Noteholders (other than Noteholders of Subordinated Notes)**

This Condition 6(e) does not apply to Subordinated Notes.

If Put Option is specified in the applicable Final Terms, the Issuer shall, at the option of the holder of any such Note, upon the holder of such Note giving not less than 15 nor more than 30 days' irrevocable notice to the Issuer (or such other notice period as may be specified in the applicable Final Terms) redeem such Note on the Optional Redemption Date(s) at its Optional Redemption Amount together with any unpaid interest accrued to the date fixed for redemption.

To exercise such option or any other Noteholders' option that may be set out in the applicable Final Terms (which must be exercised on an Option Exercise Date) the holder must deposit (in the case of Bearer Notes) such Note (together with all unmatured Coupons and unexchanged Talons) with any Paying Agent or (in the case of Registered Notes) the Certificate representing such Note(s) with the Registrar or any Transfer Agent at its specified office, together with a duly completed option exercise notice (**Exercise Notice**) in the form obtainable from any Paying Agent, the Registrar or any Transfer Agent (as applicable) within the notice period. No Note or Certificate so deposited and option exercised may be withdrawn (except as provided in the Agency Agreement) without the prior consent of the Issuer.

**(f) Regulatory Event Redemption of Subordinated Notes**

This Condition 6(f) applies to Subordinated Notes only.

Subject to Regulatory Approval and compliance with the Regulatory Preconditions, the Issuer may, in its sole discretion, if a Regulatory Event has occurred and is continuing, having given notice (within the period specified in the applicable Final Terms) to the Trustee, the Issuing and Paying Agent and, in accordance with Condition 15, the Noteholders (which notice shall be irrevocable and shall specify the date fixed for redemption), redeem at any time (if this Note is not a Floating Rate Note) or on any Interest Payment Date (if this Note is a Floating Rate Note) all (but not some only) of the Subordinated Notes at their Early Redemption Amount referred to in Condition 6(b) above together, if applicable, with any unpaid interest accrued to (but excluding) the date fixed for redemption.

Prior to the publication of any notice of early redemption pursuant to this Condition 6(f), the Issuer shall deliver to the Trustee a certificate signed by any two Directors of the Issuer confirming that a Regulatory Event has occurred and is continuing. The Trustee shall be entitled, without liability to any person, to accept such certificate without any further inquiry 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 Noteholders. Upon the expiry of such notice the Issuer shall be bound to redeem the Subordinated Notes accordingly.

**(g) Redemption following a Loss Absorption Disqualification Event**

This Condition 6(g) applies in respect of all Series of Senior Non-Preferred Notes except for any Series where "Senior Non-Preferred Notes: Loss Absorption Disqualification Event Redemption" is expressly specified to be "Not Applicable" in the applicable Final Terms.

If a Loss Absorption Disqualification Event has occurred, then the Issuer may, in its sole discretion, subject to compliance with Condition 6(j), and having given not less than 15 nor more than 30 days' notice to the Trustee (with a copy to the Issuing and Paying Agent) and, in accordance with Condition 15, the Noteholders, redeem at any time (if this Note is not a Floating Rate Note) or on any Interest Payment Date (if this Note is a Floating Rate Note) all, but not some only, of the Senior Non-Preferred Notes at the Loss Absorption Disqualification Event Redemption Price specified in the applicable Final Terms, together with interest accrued and unpaid (if any) to the date fixed for redemption.

The Issuer may exercise its right to redeem the Senior Non-Preferred Notes notwithstanding the prior exercise by any holder thereof of its option to require the redemption of the Senior Non-Preferred Note(s) held by it under Condition 6(e) above if the due date for redemption under this Condition 6(g) would occur prior to that under Condition 6(e) but not otherwise and, in such circumstances, the exercise of the option under Condition 6(e) shall be rendered ineffective.

Prior to giving the above notice to the Trustee pursuant to this Condition 6(g), the Issuer shall deliver to the Trustee a certificate signed by two Directors of the Issuer stating that a Loss Absorption Disqualification Event has occurred and is continuing, and the Trustee shall be entitled, without liability to any person, to accept such certificate without any further enquiry as sufficient evidence of the same and it shall be conclusive and binding on the Trustee and the Noteholders. Upon the expiry of such notice the Issuer shall be bound to redeem the Senior Non-Preferred Notes accordingly.

As used herein:

A **Loss Absorption Disqualification Event** shall be deemed to have occurred in respect of a Series of 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 latest Tranche of such Series of Senior Non-Preferred Notes, either:

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

is or (in the opinion of the Issuer or the relevant Supervisory Authority) is likely to be excluded from the Issuer's minimum requirements (whether on an individual or consolidated basis) for (A) own funds and eligible liabilities and/or (B) loss absorbing capacity instruments, in each case as such minimum requirements are applicable to the Issuer (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 Non-Preferred Notes from the relevant minimum requirement(s) is due to the remaining maturity of such Senior Non-Preferred 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 Issuer on the Issue Date of the latest Tranche of such Series of Senior Non-Preferred Notes; and



**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, or any other Ranking Legislation which relates to the requisite features of secondary non-preferential debts), any relevant Supervisory Authority then in effect in the United Kingdom and applicable to the 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 Supervisory Authority from time to time (whether such regulations, requirements, guidelines, rules, standards or policies are applied generally or specifically to the Issuer).

**(h) Purchases**

The Issuer and any of its Subsidiaries (subject to obtaining the Regulatory Approval and compliance with the Regulatory Preconditions in the case of Subordinated Notes and subject to Condition 6(j) in the case of Senior Non-Preferred Notes) may at any time purchase Notes (provided that all unmatured Coupons and unexchanged Talons relating thereto are attached thereto or surrendered therewith) in the open market or otherwise at any price.

**(i) Cancellation**

All Notes purchased by or on behalf of the Issuer or any of its Subsidiaries (except in the case of a purchase made in the ordinary course of business of a dealer in securities) or redeemed shall forthwith be surrendered for cancellation, in the case of Bearer Notes, by surrendering each such Note together with all unmatured Coupons and all unexchanged Talons to the Issuing and Paying Agent and, in the case of Registered Notes, by surrendering the Certificate representing such Notes to the Registrar and, in each case, if so surrendered, shall be cancelled forthwith (together with all unmatured Coupons and unexchanged Talons attached thereto or surrendered therewith). Any Notes so surrendered for cancellation may not be reissued or resold and the obligations of the Issuer in respect of any such Notes shall be discharged.

**(j) Pre-condition to Redemption, Purchase, Substitution or Variation of Senior Non-Preferred Notes**

This Condition 6(j) applies to Senior Non-Preferred Notes only.

The Issuer may only exercise a right to redeem, purchase, substitute or vary Senior Non-Preferred Notes pursuant to Conditions 6(c), 6(d), 6(e), 6(g), 6(h) or 6(k) (as the case may be), or modify the Conditions or the Trust Deed in respect of any outstanding Series of Senior Non-Preferred Notes as provided in Condition 11(a):

- (i) if the Issuer has obtained any Regulatory Approval therefor (if and to the extent required by the relevant Supervisory Authority or the Loss Absorption Regulations at such time); and
- (ii) subject to compliance with any other pre-conditions to, or requirements applicable to, such redemption, purchase, substitution or variation as may be required by the relevant Supervisory Authority or the Loss Absorption Regulations at such time, including, in the case of a redemption or purchase and to the extent then so required by the relevant Supervisory Authority or the Loss Absorption Regulations, the Issuer having demonstrated to the satisfaction of the relevant Supervisory Authority that:

- (I) it has (or before or at the same time as the relevant redemption or purchase will have) replaced the Notes with own funds or eligible liabilities instruments of equal or higher quality at terms that are sustainable for the income capacity of the Issuer; or
- (II) the own funds and eligible liabilities of the Issuer would, following such redemption or purchase, exceed its minimum requirements for own funds and eligible liabilities by a margin that the relevant Supervisory Authority considers necessary at such time; or
- (III) the partial or full replacement of the Notes with own funds instruments is necessary to ensure compliance with the own funds requirements laid down in the prevailing Capital Adequacy Regulations for continuing authorisation.

(k) **Substitution and Variation of Senior Non-Preferred Notes**

This Condition 6(k) applies to each Series of Senior Non-Preferred Notes unless “Senior Non-Preferred Notes: Substitution and Variation” is expressly specified to be “Not Applicable” in the applicable Final Terms.

Upon the occurrence of a Loss Absorption Disqualification Event in respect of a Series of Senior Non-Preferred Notes, the Issuer (in its sole discretion but subject to Condition 6(j)), having given notice of not more than 30 days nor less than 15 days prior to the date of substitution or variation (as the case may be) to the Trustee and, in accordance with Condition 15, the Noteholders (which notice shall be irrevocable and shall specify the date fixed for substitution or variation, as applicable) may, without any requirement for the consent or approval of the Noteholders or Couponholders, either substitute all (but not some only) of the Senior Non-Preferred Notes of such Series for, or vary the terms of the Senior Non-Preferred Notes of such Series so that they remain or, as appropriate, become, Loss Absorption Compliant Notes. Upon the expiry of the notice referred to above, the Issuer shall either substitute or, as the case may be, vary the terms of the relevant Senior Non-Preferred Notes and, subject as set out below, the Trustee shall agree to such substitution or variation.

In connection with any substitution or variation in accordance with this Condition 6(k), the Issuer shall comply with the rules of any stock exchange on which the relevant Senior Non-Preferred Notes are for the time being listed or admitted to trading.

Any substitution or variation in accordance with this provision is subject to the following conditions:

- (i) the Issuer complying with Condition 6(j);
- (ii) such substitution or variation not resulting in any event or circumstance which at that time gives the Issuer a redemption right in respect of the resulting Loss Absorption Compliant Notes; and
- (iii) prior to the publication of any notice of substitution or variation, the Issuer having delivered to the Trustee a certificate signed by two Directors of the Issuer stating that the Loss Absorption Disqualification Event giving rise to the right to substitute or vary the Senior Non-Preferred Notes has occurred as at the date of the certificate and that the conditions set out in Conditions 6(j)(i) and (ii) have been satisfied, and the Trustee shall be entitled to accept and rely on such certificate without liability to any person and without any further inquiry as sufficient evidence thereof, in which event it shall (in the absence of wilful default, manifest error or bad faith), and

without prejudice to the Trustee's ability to rely on such certificate as aforesaid, be conclusive and binding on the Trustee and all Noteholders and Couponholders.

The Trustee shall, subject to the Issuer's compliance with Conditions 6(k)(i), 6(k)(ii) and 6(k)(iii) and the provision of the certificate signed by two Directors of the Issuer as referred to in the definition of Loss Absorption Compliant Notes, and at the expense and cost of the Issuer, use reasonable endeavours to assist the Issuer in any substitution or variation of the relevant Senior Non-Preferred Notes in accordance with this provision, except that the Trustee shall not be obliged to assist in any such substitution or variation if either such substitution or variation itself or the terms of the proposed Loss Absorption Compliant Notes would, in the Trustee's opinion, impose more onerous obligations upon it or expose the Trustee to any additional duties, responsibilities or liabilities in any respect or reduce or amend the protective provisions afforded to the Trustee in these Conditions or the Trust Deed (including, for the avoidance of doubt, any supplemental trust deed) in any respect.

In connection with any such substitution or variation, the Trustee may rely without liability to any Noteholders, Couponholders or any other person on a report, confirmation, certificate or any advice of any accountants, financial advisers, financial institutions or any other experts, whether or not addressed to it and whether their liability in relation thereto is limited (by its terms or by any engagement letter relating thereto entered into by the Trustee or in any other manner) by reference to a monetary cap, methodology or otherwise. The Trustee may accept and shall be entitled to rely on any such report, confirmation, certificate or advice and such report, confirmation, certificate or advice shall (in the absence of wilful default, manifest error or bad faith), and without prejudice to the Trustee's ability to rely on such certificate as aforesaid, be binding on the Issuer, the Trustee and the Noteholders and Couponholders.

## (I) Definitions

As used in these Conditions:

**Capital Adequacy Regulations** means, at any time, any requirement contained in the law, regulations, requirements, guidelines and policies then in effect relating to capital adequacy and prudential supervision and applicable to the Issuer, including (without limitation to the generality of the foregoing), those applicable laws, regulations, requirements, guidelines and policies relating to capital adequacy and prudential supervision then in effect of the United Kingdom or the relevant Supervisory Authority;

**EEA regulated market** means a market as defined by Article 4.1(21) of Directive 2014/65/EU of the European Parliament and of the Council on markets in financial instruments, as amended;

**Loss Absorption Compliant Notes** means securities that comply with the following (which compliance has been certified to the Trustee in a certificate signed by two Directors of the Issuer and delivered to the Trustee prior to the relevant substitution or variation):

- (A) such securities are issued by the Issuer or any wholly-owned direct or indirect subsidiary of the Issuer with a guarantee of such obligations by the Issuer;
- (B) such securities and any relative coupons rank (or, if guaranteed by the Issuer, benefit from a guarantee that ranks) as part of the class of secondary non-preferential debts under the Ranking Legislation;
- (C) (subject to (B) above) such securities have terms not materially less favourable to Noteholders and Couponholders than the terms of the relevant Senior

Non-Preferred Notes and relative Coupons (as reasonably determined by the Issuer in consultation with an independent adviser of recognised standing);

- (D) (without prejudice to paragraph (C) above) such securities: (1) contain terms such that they comply with the then applicable Loss Absorption Regulations in order to be eligible to qualify in full towards the Issuer's minimum requirements (on an individual or consolidated basis) for own funds and eligible liabilities and/or loss absorbing capacity instruments; (2) bear the same rate of interest from time to time applying to the relevant Senior Non-Preferred Notes and preserve the same interest payment dates; (3) do not contain terms providing for deferral of payments of interest and/or principal; (4) preserve the obligations (including the obligations arising from the exercise of any right of a Noteholder) of the Issuer as to redemption of the relevant Senior Non-Preferred Notes, including (without limitation) as to timing of, and amounts payable upon, such redemption; (5) do not contain terms providing for loss absorption through principal write-down or conversion to common equity tier 1 instruments (provided that any contractual acknowledgement of statutory loss absorption or resolution powers pursuant to the Loss Absorption Regulations shall not be prohibited by this Condition); and (6) preserve any existing rights to any accrued and unpaid interest and any other amounts payable under the relevant Senior Non-Preferred Notes and relative Coupons which has accrued to Noteholders or Couponholders and not been paid;
- (E) such securities are listed on the same stock exchange or market as the relevant Senior Non-Preferred Notes or the London Stock Exchange or any EEA regulated market or any market in an Organisation for Economic Co-operation and Development (OECD) member state selected by the Issuer; and
- (F) where the relevant Senior Non-Preferred Notes which have been substituted or varied had a published rating solicited by the Issuer from one or more Rating Agencies immediately prior to their substitution or variation, such securities benefit from (or will, as announced, or otherwise confirmed in writing, by each such relevant Rating Agency, benefit from) an equal or higher published rating from each such Rating Agency as that which applied to the relevant Senior Non-Preferred Notes immediately prior to their substitution or variation (unless any downgrade is solely attributable to the ranking of the securities under (B) above);

**Rating Agency** means any of S&P Global Ratings UK Limited, Moody's Investors Service Limited and Fitch Ratings Ltd. and each of their respective affiliates or successors;

**Regulatory Approval** means, at any time, such approval, consent, prior permission or non-objection from, or notification required within prescribed periods to, the relevant Supervisory Authority, or such waiver of the then prevailing Capital Adequacy Regulations and/or Loss Absorption Regulations (as applicable) from the relevant Supervisory Authority, as is required under the then prevailing Capital Adequacy Regulations and/or Loss Absorption Regulations (as applicable) at such time;

A **Regulatory Event** is deemed to have occurred if there is a change (which has occurred or which the Supervisory Authority considers to be sufficiently certain) in the regulatory classification of the Subordinated Notes of the relevant Series which becomes effective after the Issue Date of the latest Tranche of the relevant Series of Subordinated Notes and that results, or would be likely to result, in:

- (i) if "Regulatory Event (Subordinated Notes only): Full Exclusion" is specified in the applicable Final Terms, the entire principal amount of the Subordinated Notes being

excluded from the Tier 2 Capital of the Issuer (whether on an individual or consolidated basis); or

- (ii) if “Regulatory Event (Subordinated Notes only): Full or Partial Exclusion” is specified in the applicable Final Terms, the entire principal amount of the Subordinated Notes or any part thereof being excluded from the Tier 2 Capital of the Issuer (whether on an individual or consolidated basis);

**Regulatory Preconditions** means in relation to any redemption of the Notes pursuant to Conditions 6(c), 6(d) or 6(f) or a purchase of the Notes pursuant to Condition 6(h):

- (i) the Issuer having demonstrated to the satisfaction of the Supervisory Authority that either: (a) the Issuer has (or before or at the same time as the relevant redemption or purchase will have) replaced the Notes with own funds instruments of equal or higher quality at terms that are sustainable for the income capacity of the Issuer; or (b) the own funds and eligible liabilities of the Issuer would, following such redemption or repurchase, exceed its minimum requirements (including any buffer requirements) by a margin that the Supervisory Authority considers necessary at such time; and
- (ii) in the case of any redemption or purchase prior to the fifth anniversary of the Issue Date of the latest Tranche of the relevant Series of Notes:
  - (a) in the case of redemption upon a Tax Event, the Issuer having demonstrated to the satisfaction of the relevant Supervisory Authority that the change in tax treatment is material and was not reasonably foreseeable as at the Issue Date of such latest Tranche;
  - (b) in the case of redemption upon the occurrence of a Regulatory Event, the Issuer having demonstrated to the satisfaction of the relevant Supervisory Authority that the relevant change in the regulatory classification of the Notes is sufficiently certain and was not reasonably foreseeable as at the Issue Date of such latest Tranche;
  - (c) in the case of a purchase pursuant to Condition 6(h), the Issuer having demonstrated to the satisfaction of the relevant Supervisory Authority that the Issuer has (or before or at the same time as the relevant purchase will have) replaced the Notes with own funds instruments of equal or higher quality at terms that are sustainable for the income capacity of the Issuer, and the relevant Supervisory 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) the Notes being purchased for market-making purposes in accordance with the prevailing Capital Adequacy Regulations,

*provided that* if, at the time of such redemption or purchase, the prevailing Capital Adequacy Regulations permit the redemption or purchase only after compliance with one or more additional or alternative pre-conditions to those set out above, the relevant redemption or purchase shall be conditional upon the Issuer having complied (in addition or in the alternative, as the case may be) with such additional and/or alternative pre-condition(s);

**Supervisory Authority** means, as the context admits, the Prudential Regulation Authority (**PRA**) or the Bank of England, and (in either case) any successor or replacement thereto or

such other authority (whether of the UK or elsewhere) having primary responsibility for the prudential oversight and supervision of the Issuer and/or for resolution matters concerning the Issuer and/or its resolution group, as may be relevant in the context; and

**Tax Law Change** means an introduction or change, or change in official interpretation or application, of any laws, regulations, pronouncements, judicial decisions, standards or guidelines which change becomes effective on or after the Issue Date of the latest Tranche of the relevant Series of Notes.

## 7 Payments and Talons

### (a) Bearer Notes

Payments of principal and interest in respect of Bearer Notes shall, subject as mentioned below, be made against presentation, of Notes (in the case of payments of principal and, in the case of interest, as specified in Condition 7(f)(v)) or Coupons (in the case of interest, save as specified in Condition 7(f)(ii)), as the case may be, at the specified office of any Paying Agent outside the United States by a cheque payable in the relevant currency drawn on, or, at the option of the holder, by transfer to an account denominated in such currency with, a bank in the principal financial centre for such currency or, in the case of euro, in a city in which banks have access to T2.

### (b) Registered Notes

- (i) Payments of principal in respect of Registered Notes shall be made against presentation and surrender of the relevant Certificates at the specified office of any of the Transfer Agents or of the Registrar and in the manner provided in paragraph (ii) below.
- (ii) Interest on Registered Notes shall be paid to the person shown on the Register at the close of business on the 15th day before the due date for payment thereof (the **Record Date**). Payments of interest on each Registered Note shall be made in the relevant currency drawn on a bank in the principal financial centre of the country of such currency, subject as provided in Condition 7(a) above, and mailed to the holder (or to the first named of joint holders) of such Note at its address appearing in the Register. Upon application by the holder to the specified office of the Registrar or any Transfer Agent before the Record Date and, subject as provided in Condition 7(a) above, such payment of interest may be made by transfer to an account in the relevant currency maintained by the payee with a bank in the principal financial centre of the country of such currency.

### (c) Payments in the United States

Notwithstanding the foregoing, if any Bearer Notes or Exchangeable Registered Notes are denominated in U.S. dollars, payments in respect thereof may be made at the specified office of any Paying Agent in New York City in the same manner as aforesaid if (i) the Issuer shall have appointed Paying Agents with specified offices outside the United States with the reasonable expectation that such Paying Agents would be able to make payment of the amounts on the Notes in the manner provided above when due, (ii) payment in full of such amounts at all such offices is illegal or effectively precluded by exchange controls or other similar restrictions on payment or receipt of such amounts and (iii) such payment is then permitted by United States law, without involving, in the opinion of the Issuer, any adverse tax consequence to the Issuer.

**(d) Payments subject to Fiscal Laws**

All payments are subject in all cases to (i) any applicable fiscal or other laws, regulations and directives, but without prejudice to the provisions of Conditions 8 and 10 and (ii) any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986 (the **Code**) or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder, any official interpretations thereof, or (without prejudice to the provisions of Condition 8) any law implementing an intergovernmental approach thereto. No commission or expenses shall be charged to the Noteholders or Couponholders in respect of such payments.

**(e) Appointment of Agents**

The Issuing and Paying Agent, the Paying Agents, the Registrar, the Transfer Agents and the Calculation Agent initially appointed by the Issuer and their respective specified offices are listed below. The Issuing and Paying Agent, the Paying Agents, the Registrar, the Transfer Agents and the Calculation Agent act solely as agents of the Issuer and do not assume any obligation or relationship of agency or trust for or with any Noteholder or Couponholder. The Issuer reserves the right at any time with the prior approval in writing of the Trustee to vary or terminate the appointment of the Issuing and Paying Agent, any other Paying Agent, the Registrar, any Transfer Agent or the Calculation Agent(s) and to appoint additional or other Paying Agents or Transfer Agents, provided that the Issuer shall at all times maintain:

- (i) an Issuing and Paying Agent;
- (ii) a Registrar in relation to Registered Notes;
- (iii) a Transfer Agent in relation to Registered Notes;
- (iv) one or more Calculation Agent(s) where the Conditions so require;
- (v) Paying Agents having specified offices in at least two major European cities (one of which may be London); and
- (vi) such other agents as may be required by any other stock exchange on which the Notes may be listed in each case, as approved by the Trustee.

In addition, the Issuer shall forthwith appoint a Paying Agent in New York City in respect of any Bearer Notes or Exchangeable Registered Notes denominated in U.S. dollars in the circumstances described in paragraph (c) above.

Notice of any such change or any change of any specified office shall promptly be given to the Noteholders in accordance with Condition 15.

**(f) Unmatured Coupons and unexchanged Talons**

- (i) Unless the Notes provide that the relative Coupons are to become void upon the due date for redemption of those Notes, Bearer Notes should be surrendered for payment together with all unexpired Coupons (if any) relating thereto, failing which an amount equal to the face value of each missing unexpired Coupon (or, in the case of payment not being made in full, that proportion of the amount of such missing unexpired Coupon that the sum of principal so paid bears to the total principal due) shall be deducted from the Final Redemption Amount, Early

Redemption Amount or Optional Redemption Amount, as the case may be, due for payment. Any amount so deducted shall be paid in the manner mentioned above against surrender of such missing Coupon within a period of 10 years from the Relevant Date for the payment of such principal (whether or not such Coupon has become void pursuant to Condition 9).

- (ii) If so specified in the applicable Final Terms, upon the due date for redemption of any Bearer Note, unmatured Coupons relating to such Note (whether or not attached) shall become void and no payment shall be made in respect of them.
- (iii) Upon the due date for redemption of any Bearer Note, any unexchanged Talon relating to such Note (whether or not attached) shall become void and no Coupon shall be delivered in respect of such Talon.
- (iv) Where any Bearer Note that provides that the relative unmatured Coupons are to become void upon the due date for redemption of those Notes is presented for redemption without all unmatured Coupons, and where any Bearer Note is presented for redemption without any unexchanged Talon relating to it, redemption shall be made only against the provision of such indemnity as the Issuer may reasonably require.
- (v) If the due date for redemption of any Note is not a due date for payment of interest, interest accrued from the preceding due date for payment of interest or the Interest Commencement Date, as the case may be, shall only be payable against presentation (and surrender if appropriate) of the relevant Bearer Note or Certificate representing it, as the case may be. Interest accrued on a Note that only bears interest after its Maturity Date shall be payable on redemption of such Note against presentation of the relevant Note or Certificate representing it, as the case may be.

**(g) Talons**

On or after the Interest Payment Date for the final Coupon forming part of a Coupon sheet issued in respect of any Bearer Note, the Talon forming part of such Coupon sheet may be surrendered at the specified office of the Issuing and Paying Agent in exchange for a further Coupon sheet (and if necessary another Talon for a further Coupon sheet) (but excluding any Coupons that may have become void pursuant to Condition 9).

**(h) Non-Business Days**

If any date for payment in respect of any Note or Coupon is not a business day, the holder shall not be entitled to payment until the next following business day nor to any interest or other sum in respect of such postponed payment. In this paragraph, **business day** means a day (other than a Saturday or a Sunday) on which banks and foreign exchange markets are open for business in the relevant place of presentation, in such jurisdictions as shall be specified as **Financial Centres** in the applicable Final Terms and: (i) (in the case of a payment in a currency other than euro) where payment is to be made by transfer to an account maintained with a bank in the relevant currency, on which foreign exchange transactions may be carried on in the relevant currency in the principal financial centre of the country of such currency or (ii) (in the case of a payment in euro or if T2 is specified as a Business Centre in the applicable Final Terms) which is a T2 Business Day.



## 8 Taxation

All payments of principal and interest by or on behalf of the Issuer in respect of the Notes and the Coupons shall be made free and clear of, and without withholding or deduction for, any taxes, duties, assessments or governmental charges of whatever nature (**Taxes**) imposed, levied, collected, withheld or assessed by or within the UK or any political sub-division thereof or any authority therein or thereof having power to tax, unless such withholding or deduction is required by law. In that event the Issuer shall:

- (i) in the case of all Senior Preferred Notes and Deposit Notes, in respect of payments of interest (if any) or principal; or
- (ii) in the case of all Subordinated Notes and Senior Non-Preferred Notes, in respect of payments of interest (if any) only,

pay such additional amounts as shall result in receipt by the Noteholders and 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:

- (a) to, or to a third party on behalf of, a holder who is liable to such Taxes in respect of such Note or Coupon by reason of his having some connection with the UK other than the mere holding of the Note or Coupon; or
- (b) presented for payment by, or by 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; or
- (c) presented (or in respect of which the Certificate representing it is presented) for payment more than 30 days after the Relevant Date except to the extent that the holder of it would have been entitled to such additional amounts on presenting it for payment on the last day of such period of 30 days (assuming that day to have been a business day for the purpose of Condition 7(h)).

As used in these Conditions, **Relevant Date** in respect of any Note or Coupon means the date on which payment in respect of it first becomes due or (if any amount of the money payable is improperly withheld or refused) the date on which payment in full of the amount outstanding is made or (if earlier) the date seven days after that on which notice is duly given to the Noteholders that, upon further presentation of the Note (or relative Certificate) or Coupon being made in accordance with the Conditions, such payment will be made, provided that payment is in fact made upon such presentation.

References in these Conditions to (i) "**principal**" (unless otherwise provided) shall be deemed to include any premium payable in respect of the Notes, Final Redemption Amounts, Early Redemption Amounts, Optional Redemption Amounts, Amortised Face Amounts, Loss Absorption Disqualification Event Redemption Prices and all other amounts in the nature of principal payable pursuant to Condition 6 or any amendment or supplement to it, (ii) "**interest**" shall be deemed to include all Interest Amounts and all other amounts payable pursuant to Condition 5 or any amendment or supplement to it and (iii) "**principal**" and/or "**interest**" shall be deemed to include any additional amounts that may be payable under this Condition or any undertaking given in addition to or in substitution for it under the Trust Deed.

For the avoidance of doubt, if a Note is a Subordinated Note or a Senior Non-Preferred Note, the Issuer will not pay any such additional amounts in respect of principal of such Note, and payments of principal on such notes will be made net of such additional amounts.

## 9 Prescription

Claims against the Issuer for payment in respect of the Notes and Coupons (which, for this purpose, shall not include Talons) shall be prescribed and become void unless made within 10 years (in the case of principal) or five years (in the case of interest) from the appropriate Relevant Date in respect of them.

## 10 Events of Default

### (a) Senior Preferred Notes and Deposit Notes

This Condition 10(a) only applies if this Note is a Senior Preferred Note or a Deposit Note, and references in this Condition 10(a) to the Notes shall be construed accordingly.

The Trustee at its discretion may, and if so requested in writing by the holders of at least one-quarter in nominal amount of the Notes then outstanding or if so directed by an Extraordinary Resolution of the Noteholders shall (subject in each case to being indemnified to its satisfaction), give notice to the Issuer that the Notes are, and they shall accordingly thereby forthwith become, immediately due and repayable at their nominal amount, together with accrued interest as provided in the Trust Deed, in any of the following events (each an **Event of Default**):

- (i) if default is made in the payment of any interest or principal due in respect of the Notes or any of them and the default continues for a period of 14 days or more; or
- (ii) if the Issuer fails to perform or observe any of its other obligations under the Notes, the Trust Deed or the Paying Agency Agreement and (except in any case where the Trustee considers the failure to be incapable of remedy when no continuation or notice as is hereinafter mentioned will be required) the failure continues for the period of 30 days (or such longer period as the Trustee may permit) next following the service by the Trustee on the Issuer of notice requiring the same to be remedied; or
- (iii) if any payment in respect of the principal of or any premium or interest on any indebtedness for moneys borrowed or raised of the Issuer or any Material Subsidiary is not made on its due date (or by the expiry of any applicable grace period therefor) or any such indebtedness of the Issuer or any Material Subsidiary becomes due and payable prior to its stated maturity by reason of default or if any guarantee of or indemnity in respect of any payment in respect of any such indebtedness of any third party by the Issuer or any Material Subsidiary is not honoured when due and called upon (or by the expiry of any applicable grace period therefor) providing that the aggregate amount of such indebtedness (including indebtedness the subject of a guarantee or indemnity as aforesaid) equals or exceeds £10,000,000 (or its equivalent in any other currency or currencies); or
- (iv) if an administrative or other receiver or an administrator or other similar official is appointed in relation to the Issuer or any Material Subsidiary or in relation to the whole or a material part, in the opinion of the Trustee, of the assets of any of them or if an encumbrancer takes possession of the whole or a material part, in the opinion of the Trustee, of the assets of the Issuer or any Material Subsidiary or a distress of execution is levied or enforced upon or sued out against the whole or a material part, in the opinion of the Trustee, of the assets of the Issuer or any Material Subsidiary and, in any such case, is not discharged within 60 days; or

- (v) if, except for the purposes of or pursuant to a Permitted Transfer (as defined below):
  - (A) the Issuer stops payment to its creditors generally or ceases to carry on the whole or substantially the whole of its business; or
  - (B) the Supervisory Authority presents a petition for the winding-up of the Issuer or an effective resolution, instrument of dissolution or award for dissolution is passed, entered into or made or an order is made or an effective resolution is passed for the winding-up or the dissolution of the Issuer or the Issuer is wound up or dissolved in any other manner; or
  - (C) an order is made pursuant to the Act the effect of which is to prevent the Issuer from accepting the deposit of, or otherwise borrowing, any money or from accepting any payment representing the whole or any part of the amount due by way of subscription for a share in the Issuer, other than a payment which fell due before the making of the said order; or
  - (D) the Issuer ceases to be an authorised person to carry on a deposit-taking business for the purposes of the FSMA or the Issuer's registration as a building society is cancelled or suspended or the Issuer is not or ceases to be a building society for the purposes of the Act; or
  - (E) the Issuer amalgamates with, or transfers the whole or a material part, in the opinion of the Trustee, of its engagements or its business to, another person; or
  - (F) the Issuer gives notice in writing pursuant to the FSMA that it wishes to renounce its authorisation to accept the deposit of, or otherwise borrow, any money; or
- (vi) if, except for the purposes of a reconstruction or amalgamation the terms of which have previously been approved in writing by the Trustee or by an Extraordinary Resolution of the Noteholders or for the purposes of a solvent winding-up where the assets of a Material Subsidiary attributable directly or indirectly to the Issuer are distributed to any one or more of the Issuer and the other Material Subsidiaries:
  - (A) a Material Subsidiary stops payment to its creditors generally or ceases to carry on the whole or substantially the whole of its business; or
  - (B) an order is made by any competent court or resolution is passed for the winding-up or dissolution of any Material Subsidiary,

provided, in the case of any Event of Default other than those described in subparagraphs (i) and (v)(B) above, the Trustee shall have certified to the Issuer that the Event of Default is materially prejudicial to the interests of the Noteholders.

**(b) Enforcement of Senior Preferred Notes and Deposit Notes**

At any time after any Senior Preferred Notes or Deposit Notes, as the case may be, become due and payable, the Trustee may, at its discretion and without further notice, institute such proceedings against the Issuer as it may think fit to enforce the terms of the Trust Deed, the Senior Preferred Notes or Deposit Notes, as the case may be, and Coupons, but it need not take any such proceedings unless (a) it shall have been so directed by an Extraordinary Resolution or so requested in writing by Noteholders holding at least one-quarter in nominal

amount of the relevant Series of Notes outstanding, and (b) it shall have been indemnified and/or secured and/or pre-funded to its satisfaction. No Noteholder or Couponholder may proceed directly against the Issuer unless the Trustee, having become bound so to proceed, fails to do so within a reasonable time and such failure is continuing.

**(c) Subordinated Notes and Senior Non-Preferred Notes**

This Condition 10(c) only applies if this Note is a Subordinated Note or a Senior Non-Preferred Note, and references in this Condition 10(c) to Notes shall be construed accordingly.

- (i) In the event of default being made for a period of seven days or more in the payment of any principal in respect of the Notes or any of them or for 14 days or more in payment of any interest in respect of the Notes or any of them, in each case as and when the same ought to be paid, the Trustee may, in order to enforce the obligations of the Issuer under the Trust Deed, the Notes and the relevant Coupons, at its discretion and without further notice, institute proceedings for the winding-up of the Issuer, but (save as provided below in this Condition 10(c)) may take no further action in respect of such default.
- (ii) The Trustee may institute such proceedings against the Issuer as it may think fit to enforce any obligation, condition or provision binding on the Issuer under the Trust Deed or the Notes (other than any obligation for the payment of any principal or interest in respect of the Notes or relevant Coupons) provided that the Issuer shall not by virtue of any such proceedings (other than proceedings for the winding-up of the Issuer) be obliged to pay any sum or sums representing principal or interest in respect of the Notes or relevant Coupons sooner than the same would otherwise have been payable by it (but, for the avoidance of doubt, this Condition 10(c)(ii) is without prejudice to the rights of the Trustee under Condition 10(c)(i)).
- (iii) In the event of the commencement of the winding-up of the Issuer or the commencement of the dissolution of the Issuer, except:
  - (A) in any such case a winding-up or dissolution for the purpose of a reconstruction or amalgamation or the substitution in place of the Issuer of a Successor in Business (as defined in the Trust Deed) the terms of which have previously been approved in writing by the Trustee or by an Extraordinary Resolution of the Noteholders; or
  - (B) as a result of an amalgamation pursuant to section 93 of the Act; or
  - (C) a transfer of engagements pursuant to section 94 of the Act or a transfer of its business pursuant to section 97 of the Act),

the Trustee at its discretion may, and if so requested in writing by the holders of at least 25 per cent. in nominal amount of the Notes then outstanding or so directed by an Extraordinary Resolution of the relevant Noteholders shall (subject to being indemnified and/or secured and/or pre-funded to its satisfaction), give notice to the Issuer that the Notes are due and repayable immediately (and the Notes shall immediately thereby become so due and repayable) at their Early Redemption Amount (as described in Condition 6(b)) together with accrued interest (if any) as provided in the Trust Deed.

- (iv) The Trustee shall not be bound to take any of the actions referred to above to enforce the obligations of the Issuer under the Trust Deed and the Notes and Coupons, unless (i) it shall have been so directed by an Extraordinary Resolution or so requested in writing by Noteholders holding at least 25 per cent. in nominal amount of the Notes then outstanding and (ii) it shall have been indemnified and/or secured and/or pre-funded to its satisfaction.
- (v) No Noteholder or Couponholder may proceed directly against the Issuer unless the Trustee, having become bound so to proceed, fails or is unable to do so within a 60 day period and such failure or inability is continuing, in which case the Noteholder shall have only such rights against the Issuer as those which the Trustee is entitled to exercise.
- (vi) No Noteholder shall be entitled to institute proceedings for the winding-up of the Issuer, or to prove in any winding-up of the Issuer, except that if the Trustee, having become bound to proceed against the Issuer as aforesaid, fails or is unable so to do, or being able to prove in any winding-up of the Issuer fails so to do, within a 60 day period and if such failure or inability is continuing, then any such holder may on giving an indemnity satisfactory to the Trustee in the name of the Trustee (but not otherwise) himself or herself institute proceedings for the winding-up in England of the Issuer and/or prove in any winding-up of the Issuer in respect of the Notes held by him or her to the same extent (but not further or otherwise) to which the Trustee would have been entitled so to do.
- (vii) No remedy against the Issuer, other than the institution of proceedings for the winding-up of the Issuer or the proving or claiming in any winding-up of the Issuer, shall be available to the Trustee or the Noteholders for the recovery of amounts owing in respect of the Notes or under the Trust Deed.

**(d) Definitions for Condition 10**

For the purposes of this Condition 10:

- (i) a **Material Subsidiary** shall mean any Subsidiary of the Issuer whose total assets (attributable to the Issuer) are equal to 10 per cent. or more of the consolidated total assets (attributable to the Issuer) of the Issuer and its Subsidiaries, all as more particularly defined in the Trust Deed. In the absence of manifest error, the Trustee shall be entitled to rely upon a report or certificate of two directors of the Issuer that in their opinion a Subsidiary is or is not or was or was not at any particular time or throughout any specified period a Material Subsidiary; and
- (ii) a **Permitted Transfer** shall mean:
  - (A) an amalgamation of the Issuer and one or more other building societies under section 93 of the Act; or
  - (B) a transfer by the Issuer of all or substantially all (being 90 per cent. or more of the Issuer's engagements including its obligations under the Notes, the Trust Deed and the Agency Agreement) or (on terms which have previously been approved by the Trustee in writing or by an Extraordinary Resolution of the Noteholders) any smaller part of its engagements, in both cases under section 94 of the Act; or

- (C) a transfer by the Issuer of its business to a company under sections 97 to 102D of the Act; or
- (D) an alteration in the status of the Issuer by virtue of any statute or statutory provision which alters, or permits the alteration of, the status of building societies generally or building societies which meet specified criteria to that of an institution authorised under the FSMA or to a body which is regulated on a similar basis to an institution authorised under the FSMA; or
- (E) any other reconstruction or amalgamation or transfer to a subsidiary of another mutual society pursuant to the 2007 Act, in each case the terms of which have previously been approved by the Trustee in writing or by an Extraordinary Resolution of the Noteholders.

## 11 Meetings of Noteholders, Modification, Waiver and Substitution

### (a) Meetings of Noteholders

The Trust Deed contains provisions for convening meetings of Noteholders (including by way of physical meeting, via any electronic platform (such as conference call or videoconference) or a combination of any such methods) to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution (as defined in the Trust Deed) of a modification of any of these Conditions or any provisions of the Trust Deed subject, in the case of modifications with respect to any series of Senior Non-Preferred Notes and/or Subordinated Notes, to obtaining Regulatory Approval therefor (if and to the extent required by the Supervisory Authority at such time).

Such a meeting may be convened by Noteholders holding not less than 10 per cent. in nominal amount of the Notes for the time being outstanding.

The quorum for any meeting convened to consider an Extraordinary Resolution shall be two or more persons holding or representing a clear majority in nominal amount of the Notes for the time being outstanding, or at any adjourned meeting two or more persons being or representing Noteholders whatever the nominal amount of the Notes held or represented, unless the business of such meeting includes consideration of proposals, *inter alia*, (i) to amend the dates of maturity or redemption of the Notes or any date for payment of interest or Interest Amounts on the Notes, (ii) to reduce or cancel the nominal amount of or any premium payable on redemption of, the Notes, (iii) to reduce the rate or rates of interest in respect of the Notes or to vary the method or basis of calculating the rate or rates or amount of interest or the basis for calculating any Interest Amount in respect of the Notes, (iv) if a Minimum and/or a Maximum Rate of Interest is specified in the applicable Final Terms, to reduce any such Minimum and/or Maximum, (v) to vary any method of, or basis for, calculating the Final Redemption Amount, the Early Redemption Amount or the Optional Redemption Amount, including the method of calculating the Amortised Face Amount, (vi) to vary the currency or currencies of payment or denomination of the Notes, (vii) to take any steps that may only be taken following approval by an Extraordinary Resolution to which the quorum provisions described below will apply, or (viii) to modify the provisions concerning the quorum required at any meeting of Noteholders or the majority required to pass the Extraordinary Resolution, in which case the necessary quorum shall be two or more persons holding or representing not less than two thirds, or at any adjourned meeting not less than one third, in nominal amount of the Notes for the time being outstanding.

Any Extraordinary Resolution duly passed shall be binding on Noteholders (whether or not they were present at the meeting at which such resolution was passed) and on all Couponholders.

The Trust Deed also provides that (i) a resolution in writing signed by or on behalf of the holders of not less than three-fourths in nominal amount of the relevant Notes for the time being outstanding, or (ii) consent given by way of electronic consents through the relevant clearing systems by or on behalf of the holders of not less than three-fourths in nominal amount of the relevant Notes for the time being outstanding, shall in each case also be effective as an Extraordinary Resolution, binding on all Noteholders and Couponholders, whether or not they voted in favour of the relevant resolution.

**(b) Modification of the Trust Deed**

The Trustee may agree, without the consent of the Noteholders or Coupon holders, to (i) any modification of any of the provisions of the Trust Deed that is in its opinion of a formal, minor or technical nature or is made to correct a manifest error, and (ii) any other modification (except as mentioned in the Trust Deed), and any waiver or authorisation of any breach or proposed breach, of any of the provisions of the Trust Deed that is in the opinion of the Trustee not materially prejudicial to the interests of the Noteholders. Any such modification, authorisation or waiver shall be binding on the Noteholders and the Couponholders and, if the Trustee so requires, such modification shall be notified to the Noteholders as soon as practicable.

In addition, the Trustee shall be obliged to concur with the Issuer in effecting any Benchmark Amendments in the circumstances and as otherwise set out in (and subject to the terms of) Condition 5(n) without the consent of the Noteholders or Couponholders.

The Trustee shall also be obliged to concur with the Issuer in effecting any substitution or variation of the Senior Non-Preferred Notes as set out in (and subject to the terms of) Condition 6(j) without the consent of the Noteholders or Couponholders.

**(c) 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 the Noteholders as a class and shall not have regard to the consequences of such exercise for individual Noteholders or Couponholders or any interests arising from circumstances particular to individual Noteholders or Couponholders (whatever their number) and, in particular but without limitation, shall not have regard to the consequences of any such exercise for individual Noteholders or Couponholders (whatever their number) resulting from their being for any purpose domiciled or resident in, or otherwise connected with, or subject to the jurisdiction of, any particular territory or any political territory or any political sub-division thereof, and the Trustee shall not be entitled to require, nor shall any Noteholder or Couponholder be entitled to claim, from the Issuer any indemnification or payment in respect of any tax consequence of any such exercise upon individual Noteholders or Couponholders except to the extent already provided for in Condition 8 or any undertaking given in addition to, or in substitution for, Condition 8 pursuant to the Trust Deed.

**(d) Regulatory compliance**

With respect to any Note which is a Senior Non-Preferred Note or a Subordinated Note, any amendment, modification or substitution of such Notes or the Trust Deed with respect thereto and any substitution of the Issuer of such Notes shall, to the extent required by the

relevant Supervisory Authority, be conditional upon the Issuer having obtained such Regulatory Approval therefor as may then be required and otherwise complying with the Capital Adequacy Regulations and/or Loss Absorption Regulations (as applicable) at such time.

## 12 Substitution

- (a) If the Issuer shall amalgamate with one or more other building societies under section 93 of the Act or transfer all or substantially all (being 90 per cent. or more of the Issuer's engagements including its obligations under the Notes, the Trust Deed and the Agency Agreement) of its engagements to another building society under section 94 of the Act or transfer its business to a successor in accordance with sections 97 to 102D of the Act, the successor (the **Substituted Obligor**) will, pursuant to such provisions, automatically be substituted in place of the Issuer as principal debtor under the Trust Deed, the Notes and Coupons without prior approval thereof being required from the Noteholders, the Couponholders or the Trustee, subject to such amendments of the Trust Deed and such other conditions as the Trustee may require, provided that in the case of Subordinated Notes and Senior Non-Preferred Notes in the case of a proposed transfer in accordance with section 97 and other such applicable provisions:
- (i) either (1) the Issuer satisfies the Trustee that the successor will be or (as the case may be) remain an authorised institution under the FSMA (or any statutory modification or re-enactment thereof) or (2) such transfer is approved by an Extraordinary Resolution of the Noteholders;
  - (ii) in connection with such transfer, any variation or supplement to these Conditions must not be one which would or might cause any of the financial resources derived by the Issuer from the issue of the Notes to which the Trust Deed relates and which comprise Tier 2 capital to be excluded from the financial resources considered appropriate by the Supervisory Authority for the purposes of paragraph 4(1) of Schedule 6 of the FSMA;
  - (iii) the circumstances in which such variation or supplement may take place are limited to dealing with matters arising out of the procedure by which the transfer takes place and the constitution of the transferee, which variation or supplement shall be effected by the execution of a trust deed supplemental to the Trust Deed and shall bind any successor as fully as if the successor had been named in the Trust Deed as principal debtor in place of the Issuer. A memorandum of any such supplemental trust deed shall be endorsed by the Trustee on the Trust Deed and by the Issuer on the duplicate of the Trust Deed;
  - (iv) no variation or supplement to the terms of the Trust Deed or of these Conditions shall be made which would or might cause:
    - (A) any qualifying own funds or capital resources of the Issuer for the purposes of the Capital Adequacy Regulations prevailing at that time to be excluded from such own funds or capital resources; or
    - (B) any liabilities of the Issuer which, for the purposes of the Loss Absorption Regulations prevailing at that time, qualify towards the Issuer's minimum requirements for own funds and eligible liabilities and/or loss absorbing capacity instruments to be excluded from such minimum requirements for own funds and eligible liabilities and/or loss absorbing capacity instruments; and



- (v) any two directors of the Substituted Obligor shall have certified to the Trustee that it will be solvent immediately after such substitution.
- (b) Without prejudice to paragraph (a) above and subject as provided in the Trust Deed, the Trustee may agree, without the consent of the Noteholders or Couponholders, if it is satisfied that to do so would not be materially prejudicial to the interests of the Noteholders, to the transfer of the Issuer's business to a subsidiary of another mutual society pursuant to the 2007 Act or the substitution of either a Successor in Business or a Subsidiary of the Issuer or a subsidiary of a Successor in Business, not being in any such case a building society formed by the amalgamation of the Issuer and one or more other building societies pursuant to section 93 of the Act or a building society to which the Issuer has transferred its engagements pursuant to section 94 of the Act or the successor in accordance with section 97 or other applicable provisions of the Act, in place of the Issuer as principal debtor under the Trust Deed, the Notes and Coupons, subject to such amendments of the Trust Deed and such other Conditions as the Trustee may require, provided that in the case of a substitution of a company which is a Subsidiary of the Issuer or a subsidiary of a Successor in Business, the obligations of such substitute in respect of the Trust Deed, the Notes and Coupons shall be guaranteed by the Issuer or the Successor in Business, as the case may be, in such form as the Trustee may require and provided further that (in the case of Subordinated Notes) the obligations of such Successor in Business or Subsidiary of the Issuer or subsidiary, as the case may be, and any such guarantee shall be subordinated on a basis considered by the Trustee to be equivalent to that in respect of the Issuer's obligations in respect of the Notes and Coupons.
- (c) Any substitution referred to in paragraphs (a) and (b) above shall be binding on the Noteholders and the Couponholders and, unless the Trustee agrees otherwise, shall be notified to the Noteholders by the Issuer as soon as practicable thereafter in accordance with Condition 15.

### **13 Replacement of Notes, Certificates, Coupons and Talons**

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

### **14 Further Issues**

The Issuer may from time to time without the consent of the Noteholders or Couponholders 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 the date from which interest starts to accrue) 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 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 the Trust Deed. The Trust Deed contains provisions for convening a single meeting of the Noteholders and the holders of securities of other series where the Trustee so decides.

## **15 Notices**

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 fourth weekday (being a day other than a Saturday or a Sunday) after the date of mailing. Notices to the holders of Bearer Notes shall be valid if published in a daily newspaper of general circulation in London (which is expected to be the Financial Times). If in the opinion of the Trustee any such publication is not practicable, notice shall be validly given if published in another leading daily English language newspaper with general circulation in Europe. Any such notice shall be deemed to have been given on the date of such publication or, if published more than once or on different dates, on the first date on which publication is made, as provided above.

Couponholders shall be deemed for all purposes to have notice of the contents of any notice given to the holders of Bearer Notes in accordance with this Condition.

## **16 Indemnification of the Trustee**

The Trust Deed contains provisions for the indemnification of the Trustee and for its relief from responsibility, including provisions relieving it from taking proceedings to enforce repayment unless indemnified and/or secured and/or pre-funded to its satisfaction. The Trustee may rely without liability to Noteholders or Couponholders on any certificate or report prepared by the Auditors (as defined in the Trust Deed) whether or not addressed to the Trustee pursuant to these Conditions and/or the Trust Deed whether or not the Auditors' liability in respect thereof is limited by a monetary cap or otherwise and shall be obliged to do so where the certificate or report is delivered pursuant to the obligation of the Issuer to procure such delivery under these Conditions; any such certificate shall be conclusive and binding on the Issuer, the Trustee, the Noteholders and the Couponholders. The Trustee will have no recourse to the Auditors in respect of such certificates or reports unless the Auditors have agreed to address such certificates or reports to the Trustee

## **17 Contracts (Rights of Third Parties) Act 1999**

No person shall have any right to enforce any term or condition of the Notes under the Contracts (Rights of Third Parties) Act 1999, except to the extent (if any) that the Notes expressly provide for the Contracts (Rights of Third Parties) Act 1999 to apply to any of their terms.

## **18 Governing Law**

The Trust Deed, the Notes, the Coupons and the Talons and any non-contractual obligations arising out of or in connection with them are governed by, and shall be construed in accordance with, English law.

## **19 Recognition of UK Bail-in Power**

- (i) Notwithstanding, and to the exclusion of, any other term of the Notes or any other agreements, arrangements or understandings between the Issuer and any Noteholder (or the Trustee on behalf of any Noteholder), by its acquisition of any Note (or any beneficial interest in a Note), each Noteholder (or holder of a beneficial interest in any Note) 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 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; and/or
  - (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; and
- (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.
- (ii) No repayment or payment of Amounts Due on the Notes, 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.
- (iii) Neither a reduction or cancellation, in part or in full, of the Amounts Due or the conversion thereof into another security or obligation of the Issuer or another person, as a result of the exercise of the UK Bail-in Power by the Resolution Authority with respect to the 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.
- (iv) Upon the exercise of the UK Bail-in Power by the Resolution Authority with respect to any Notes, the Issuer shall promptly give notice to the Trustee, the Registrar (if applicable) and the Paying Agents and, in accordance with Condition 15, the Noteholders. Any delay or failure by the Issuer in delivering any notice referred to in this Condition shall not affect the validity and enforceability of the UK Bail-in Power or constitute a default under the terms of the Notes or the Trust Deed or for any other purpose.
- (v) For the purposes of this Condition 19:

**Amounts Due** means the principal amount of, and any accrued but unpaid interest on, the Notes. References to such amounts will include (but will not be limited to) 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 (including, without limitation, any write-down or conversion powers which may be exercised by the Resolution Authority independently of resolution proceedings) existing from time to time under any laws, regulations, rules or requirements relating to the resolution of banks, building societies, financial holding companies, mixed financial holding companies, credit

institutions and/or investment firms (and/or any group company of any of the foregoing) incorporated in the United Kingdom in effect and applicable in the United Kingdom to the Issuer or other members of its 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, in each case as amended from time to time; and

references to any **Note** or **Noteholder** shall be deemed to include reference to any "Coupon" or "Couponholder", respectively, where the context admits.

## SUMMARY OF PROVISIONS RELATING TO THE NOTES WHILE IN GLOBAL FORM

### Initial Issue of Notes

If the Global Notes or the Global Certificates are stated in the applicable Final Terms to be issued in NGN form or to be held under the NSS, as the case may be, the Global Notes or the Global Certificates will be delivered on or prior to the original issue date of the Tranche to a Common Safekeeper. Depositing the Global Notes or the Global Certificates with the Common Safekeeper 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 satisfaction of the Eurosystem eligibility criteria. The Common Safekeeper for NGNs will either be Euroclear and Clearstream, Luxembourg or another entity approved by Euroclear and Clearstream, Luxembourg.

Where the Global Notes or the Global Certificates issued in respect of any Tranche are in NGN form or issued under the NSS structure, the Common Safekeeper will be notified whether or not such Global Notes or Global Certificates are intended to be held in a manner which would allow Eurosystem eligibility.

Global Notes which are issued in CGN form and Global Certificates which are not intended to be held under the NSS may be delivered on or prior to the original issue date of the Tranche to a Common Depository.

If the Global Notes are CGNs upon the initial deposit of a Global Note with a common depository for Euroclear and Clearstream, Luxembourg (the **Common Depository**) or registration of Registered Notes in the name of any nominee for Euroclear and Clearstream, Luxembourg and delivery of the relative Global Certificate to the Common Depository, Euroclear or Clearstream, Luxembourg will credit each subscriber with a nominal amount of Notes equal to the nominal amount thereof for which it has subscribed and paid. If the Global Note is a NGN, the nominal amount of the Notes shall be the aggregate amount from time to time entered in the records of Euroclear or Clearstream, Luxembourg. The records of such clearing system shall be conclusive evidence of the nominal amount of Notes represented by the Global Note and a statement issued by such clearing system at any time shall be conclusive evidence of the records of the relevant clearing system at that time.

Notes that are initially deposited with the Common Depository may also (if indicated in the relevant Final Terms) be credited to the accounts of subscribers with other clearing systems through direct or indirect accounts with Euroclear and Clearstream, Luxembourg held by such other clearing systems. Conversely, Notes that are initially deposited with any other clearing system may similarly be credited to the accounts of subscribers with Euroclear, Clearstream, Luxembourg or other clearing systems.

### Relationship of Accountholders with Clearing Systems

Each of the persons shown in the records of Euroclear, Clearstream, Luxembourg or any other clearing system as the holder of a Note represented by a Global Note or a Global Certificate must look solely to Euroclear, Clearstream, Luxembourg or such clearing system (as the case may be) for his share of each payment made by the Issuer to the bearer of such Global Note or the holder of the underlying Registered Notes, as the case may be, and in relation to all other rights arising under the Global Notes or Global Certificates, subject to and in accordance with the respective rules and procedures of Euroclear, Clearstream, Luxembourg, or such clearing system (as the case may be). Such persons shall have no claim directly against the Issuer in respect of payments due on the Notes for so long as the Notes are represented by such Global Note or Global Certificate and such obligations of the Issuer will be discharged by payment to or to the order of the bearer of such Global Note or the holder of the underlying Registered Notes, as the case may be, in respect of each amount so paid.

## 1 Exchange

### (a) Temporary Global Notes

Each temporary Global Note will be exchangeable, free of charge to the holder, on or after its Exchange Date, which is 40 days after a Temporary Global Note is issued:

- (i) if the relevant Final Terms indicates that such Global Note is issued in compliance with TEFRA C or in a transaction to which TEFRA is not applicable (as to which, see “*Overview of the Programme – United States Selling Restrictions*”), in whole, but not in part, for the Definitive Notes defined and described below; and
- (ii) otherwise, in whole or in part upon certification as to non-U.S. beneficial ownership in the form set out in the Agency Agreement for interests in a permanent Global Note or, if so provided in the relevant Final Terms, for Definitive Notes.

Each temporary Global Note that is also an Exchangeable Bearer Note will be exchangeable for Registered Notes in accordance with the Conditions in addition to any permanent Global Note or Definitive Notes for which it may be exchangeable and, before its Exchange Date, will also be exchangeable in whole or in part for Registered Notes only.

### (b) Permanent Global Notes

Each permanent Global Note will be exchangeable, free of charge to the holder, on or after its Exchange Date in whole but not, except as provided under paragraph 1(a), in part for Definitive Notes or, in the case of paragraph 1(d) below, Registered Notes:

- (i) if the permanent Global Note is an Exchangeable Bearer Note, by the holder giving notice to the Issuing and Paying Agent of its election to exchange the whole or a part of such Global Note for Registered Notes; and
- (ii) otherwise if the permanent Global Note is held on behalf of Euroclear or Clearstream, Luxembourg or any other clearing system (an **Alternative Clearing System**) and any such clearing system is closed for business for a continuous period of 14 days (other than by reason of holidays, statutory or otherwise) or announces an intention permanently to cease business or in fact does so and no successor clearing system is available.

In the event that a Global Note is exchanged for Definitive Notes, such Definitive Notes shall be issued in Specified Denomination(s) only. A Noteholder who holds a principal amount of less than the minimum Specified Denomination will not receive a Definitive Note in respect of such holding and would need to purchase a principal amount of Notes such that it holds an amount equal to one or more Specified Denominations.

The following legend will appear on all Bearer Notes (other than Temporary Global Notes), and interest coupons relating to such Notes and all Exchangeable Registered Notes where TEFRA D is specified in the applicable Final Terms:

“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.”

The sections referred to provide that United States holders, with certain exceptions, will not be entitled to deduct any loss on Notes or interest coupons and will not be entitled to capital gains

treatment in respect of any gain on any sale, disposition, redemption or payment of principal in respect of such Notes or interest coupons.

**(c) Global Certificates**

If the relevant Final Terms state that the Notes are to be represented by a Global Certificate on issue, transfers of the holding of Notes represented by any Global Certificate pursuant to Condition 2(b) may only be made in part:

- (i) if the Notes represented by the Global Certificate are held on behalf of Euroclear or Clearstream, Luxembourg or an Alternative Clearing System and any such clearing system is closed for business for a continuous period of 14 days (other than by reason of holidays, statutory or otherwise) or announces an intention permanently to cease business or does in fact do so; or
- (ii) with the consent of the Issuer,

provided that, in the case of the first transfer of part of a holding pursuant to paragraph 1(c)(i) above, the Registered Holder has given the Registrar not less than 30 days' notice at its specified office of the Registered Holder's intention to effect such transfer.

**(d) Partial Exchange of Permanent Global Note**

For so long as a permanent Global Note is held on behalf of a clearing system and the rules of that clearing system permit, such permanent Global Note will be exchangeable in part on one or more occasions for Registered Notes if the permanent Global Note is an Exchangeable Bearer Note and the part submitted for exchange is to be exchanged for Registered Notes.

**(e) Delivery of Notes**

If the Global Note is a CGN, on or after any due date for exchange, the holder of a Global Note may surrender such Global Note or, in the case of a partial exchange, present it for endorsement to or to the order of the Issuing and Paying Agent. In exchange for any Global Note, or the part thereof to be exchanged, the Issuer will (i) in the case of a temporary Global Note exchangeable for a permanent Global Note, deliver, or procure the delivery of, a permanent Global Note in an aggregate nominal amount equal to that of the whole or that part of a temporary Global Note that is being exchanged or, in the case of a subsequent exchange, endorse, or procure the endorsement of, a permanent Global Note to reflect such exchange or (ii) in the case of a Global Note exchangeable for Definitive Notes or Registered Notes, deliver, or procure the delivery of, an equal aggregate nominal amount of duly executed and authenticated Definitive Notes and/or Certificates, as the case may be or if the Global Note is a NGN, the Issuer will procure that details of such exchange be entered *pro rata* in the records of the relevant clearing system. In this Prospectus, **Definitive Notes** means, in relation to any Global Note, the definitive Bearer Notes for which such Global Note may be exchanged (if appropriate, having attached to them all Coupons in respect of interest that have not already been paid on the Global Note and a Talon). Definitive Notes will be security printed and Certificates will be printed in accordance with any applicable legal and stock exchange requirements in or substantially in the form set out in the Schedules to the Trust Deed. On exchange in full of each permanent Global Note, the Issuer will, if the holder so requests, procure that it is cancelled and returned to the holder together with the relevant Definitive Notes.

**(f) Exchange Date**

**Exchange Date** means, in relation to a temporary Global Note, the day falling after the expiry of 40 days after its issue date and, in relation to a permanent Global Note, a day falling not less than 60

days, or in the case of an exchange for Registered Notes five days after that on which the notice requiring exchange is given and on which banks are open for business in the city in which the specified office of the Issuing and Paying Agent is located and in the city in which the relevant clearing system is located.

## 2 **Amendment to Conditions**

The temporary Global Notes, permanent Global Notes and Global Certificates contain provisions that apply to the Notes that they represent, some of which modify the effect of the terms and conditions of the Notes set out in this Prospectus. The following is a summary of certain of those provisions:

### **(a) Payments**

No payment falling due after the Exchange Date will be made on any Global Note unless exchange for an interest in a permanent Global Note or for Definitive Notes or Registered Notes is improperly withheld or refused. Payments on any temporary Global Note issued in compliance with TEFRA D before the Exchange Date will only be made against presentation of certification as to non-U.S. beneficial ownership in the form set out in the Agency Agreement. All payments in respect of Notes represented by a Global Note in CGN form will be made against presentation for endorsement and, if no further payment falls to be made in respect of the Notes, surrender of that Global Note to or to the order of the Issuing and Paying Agent or such other Paying Agent as shall have been notified to the Noteholders for such purpose. If the Global Note is a CGN, a record of each payment so made will be endorsed on each Global Note, which endorsement will be *prima facie* evidence that such payment has been made in respect of the Notes. If the Global Note is in NGN form or if the Global Certificate is held under the NSS, the Issuer shall procure that details of each such payment shall be entered *pro rata* in the records of the relevant clearing system and in the case of payments of principal, the nominal amount of the Notes recorded in the records of the relevant clearing system and represented by the Global Note or the Global Certificate will be reduced accordingly. Payments under a NGN will be made to its holder. Each payment so made will discharge the Issuer's obligations in respect thereof. Any failure to make the entries in the records of the relevant clearing system shall not affect such discharge.

For the purpose of any payments made in respect of a Global Note, the relevant place of presentation shall be disregarded in the definition of **business day** set out in Condition 7(h) (*Non-Business Days*).

All payments in respect of Notes represented by a Global Certificate will be made to, or to the order of, the person whose name is entered on the Register at the close of business on the Clearing System Business Day immediately prior to the date for payment where **Clearing System Business Day** means Monday to Friday inclusive except 25 December and 1 January.

### **(b) Prescription**

Claims against the Issuer in respect of Notes that are represented by a permanent Global Note will become void unless it is presented for payment within a period of 10 years (in the case of principal) and five years (in the case of interest) from the appropriate Relevant Date (as defined in Condition 8).

### **(c) Meetings**

The holder of a permanent Global Note or of the Notes represented by a Global Certificate shall (unless such permanent Global Note or Global Certificate represents only one Note) be treated as being two persons for the purposes of any quorum requirements of a meeting of Noteholders and, at any such meeting, the holder of a permanent Global Note shall be treated as having one vote in



respect of each integral currency unit of the Specified Currency of the Notes. All holders of Registered Notes are entitled to one vote in respect of each integral currency unit of the Specified Currency of the Notes comprising such Noteholder's holding, whether or not represented by a Global Certificate.

**(d) Cancellation**

Cancellation of any Note represented by a permanent Global Note that is required by the Conditions to be cancelled (other than upon its redemption) will be effected by reduction in the nominal amount of the relevant permanent Global Note.

**(e) Purchase**

Notes represented by a permanent Global Note may only be purchased by the Issuer or any of its Subsidiaries if they are purchased together with the rights to receive all future payments of interest thereon.

**(f) Issuer's Option**

Any option of the Issuer provided for in the Conditions of any Notes while such Notes are represented by a permanent Global Note shall be exercised by the Issuer giving notice to the Noteholders within the time limits set out in and containing the information required by the Conditions, except that the notice shall not be required to contain the serial numbers of Notes drawn in the case of a partial exercise of an option and accordingly no drawing of Notes shall be required.

In the event that any option of the Issuer is exercised in respect of some but not all of the Notes of any Series, the rights of accountholders with a clearing system in respect of the Notes will be governed by the standard procedures of Euroclear and/or Clearstream, Luxembourg (to be reflected in the records of Euroclear and Clearstream, Luxembourg as either a pool factor or a reduction in nominal amount, at their discretion) or any other Alternative Clearing System (as the case may be).

**(g) Noteholders' Option**

Any option of the Noteholders provided for in the Conditions of any Notes while such Notes are represented by a permanent Global Note may be exercised by the holder of the permanent Global Note giving notice to the Issuing and Paying Agent within the time limits relating to the deposit of Notes with a Paying Agent set out in the Conditions substantially in the form of the notice available from any Paying Agent, except that the notice shall not be required to contain the serial numbers of the Notes in respect of which the option has been exercised, and stating the nominal amount of Notes in respect of which the option is exercised and at the same time, where the permanent Global Note is a CGN, presenting the permanent Global Note to the Issuing and Paying Agent, or to a Paying Agent acting on behalf of the Issuing and Paying Agent, for notation.

Where the Global Note is a NGN or where the Global Certificate is held under the NSS, the Issuer shall procure that details of such exercise shall be entered *pro rata* in the records of the relevant clearing system and the nominal amount of the Notes recorded in those records will be reduced accordingly.

**(h) NGN Nominal Amount**

Where the Global Note is a NGN, the Issuer shall procure that any exchange, payment, cancellation, exercise of any option or any right under the Notes, as the case may be, in addition to the circumstances set out above shall be entered in the records of the relevant clearing systems and

upon any such entry being made, in respect of payments of principal, the nominal amount of the Notes represented by such Global Note shall be adjusted accordingly.

**(i) Trustee's Powers**

In considering the interests of Noteholders while any Global Note is held on behalf of, or any Global Certificate is registered in the name of any nominee for, a clearing system, the Trustee may have regard to any information provided to it by such clearing system or its operator as to the identity (either individually or by category) of its accountholders with entitlements to such Global Note or Registered Notes and may consider such interests as if such accountholders were the holders of the Notes represented by such Global Note or Global Certificate.

**(j) Notices**

So long as any Notes are represented by a Global Note or a Global Certificate and such Global Note or Global Certificate is held on behalf of a clearing system, notices to the holders of Notes of that Series may be given by delivery of the relevant notice to that clearing system for communication by it to entitled accountholders in substitution for publication as required by the Conditions. Any such notice shall be deemed to have been given on the date on which such notice is first provided to the relevant clearing system(s).

**PART 4**

**FORM OF COUPON**

On the front:

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.

**PRINCIPALITY BUILDING SOCIETY  
EURO MEDIUM TERM NOTE PROGRAMME**

Series No. [    ]

[Title of issue]

Coupon for [[set out amount due, if known]/the amount] due on [the Interest Payment Date falling in]\* [    ], [    ].

[Coupon relating to Note in the nominal amount of [    ]]\*\*

This Coupon is payable to bearer (subject to the Conditions endorsed on the Note to which this Coupon relates, which shall be binding upon the holder of this Coupon whether or not it is for the time being attached to such Note) at the specified offices of the Issuing and Paying Agent and the Paying Agents set out on the reverse hereof (or any other Issuing and Paying Agent or further or other Paying Agents or specified offices duly appointed or nominated and notified to the Noteholders).

[If the Note to which this Coupon relates shall have become due and payable before the maturity date of this Coupon, this Coupon shall become void and no payment shall be made in respect of it.]\*\*\*

**PRINCIPALITY BUILDING SOCIETY**

By:

**[Cp. No.]                      [Denomination]                      [ISIN]                      [Series]                      [Certif. No.]**

On the back:

**ISSUING AND PAYING AGENT**

**HSBC Bank plc**  
8 Canada Square  
London E14 5HQ

**PAYING AGENT**

**[Banque Internationale à Luxembourg, société anonyme**  
69, route d'Esch  
L-2953 Luxembourg]

[\*Only necessary where Interest Payment Dates are subject to adjustment in accordance with a Business Day Convention otherwise the particular Interest Payment Date should be specified.]

\*\*Only required for Coupons relating to Floating Rate Notes that are issued in more than one denomination.]

\*\*\*Delete if Coupons are not to become void upon early redemption of Note.]

**PART 5**  
**FORM OF TALON**

On the front:

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.

**PRINCIPALITY BUILDING SOCIETY**  
**EURO MEDIUM TERM NOTE PROGRAMME**

Series No. [    ]

[Title of issue]

Talon for further Coupons falling due on [the Interest Payment Dates falling in]\*[    ] [    ].

[Talon relating to Note in the nominal amount of [    ]]\*\*

After all the Coupons relating to the Note to which this Talon relates have matured, further Coupons (including if appropriate a Talon for further Coupons) shall be issued at the specified office of the Issuing and Paying Agent set out on the reverse hereof (or any other Issuing and Paying Agent or specified office duly appointed or nominated and notified to the Noteholders) upon production and surrender of this Talon.

If the Note to which this Talon relates shall have become due and payable before the original due date for exchange of this Talon, this Talon shall become void and no exchange shall be made in respect of it.

**PRINCIPALITY BUILDING SOCIETY**

By:

[Talon]

[ISIN]

[Series]

[Certif. No.]

On the back:

**ISSUING AND PAYING AGENT**

**HSBC Bank plc**  
8 Canada Square  
London E14 5HQ

**PAYING AGENT**

**[Banque Internationale à Luxembourg, société anonyme**  
69, route d'Esch  
L-2953 Luxembourg]

[\* The maturity dates of the relevant Coupons should be set out if known, otherwise reference should be made to the months and years in which the Interest Payment Dates fall due.]

[\*\* Only required where the Series comprises Notes of more than one denomination.]

## SCHEDULE 3

### PROVISIONS FOR MEETINGS OF NOTEHOLDERS

#### Interpretation

1. In this Schedule:
  - (a) references to a meeting are to a meeting of Noteholders of a single series of Notes and include, unless the context otherwise requires, any adjournment
  - (b) references to **Notes** and **Noteholders** are only to the Notes of the Series in respect of which a meeting has been, or is to be, called, and to the holders of these Notes, respectively
  - (c) **agent** means a holder of a voting certificate or a proxy for, or representative of, a Noteholder
  - (d) **block voting instruction** means an instruction issued in accordance with paragraphs 8 to 14
  - (e) **electronic platform** means any form of telephony or electronic platform or facility and includes, without limitation, telephone and video conference call and application technology systems
  - (f) **Extraordinary Resolution** means:
    - (i) a resolution passed at a meeting duly convened and held in accordance with these presents by a majority of at least 75 per cent of the votes cast upon a show of hands or votes cast if a poll is demanded
    - (ii) a resolution in writing signed by or on behalf of the holders of at least 75 per cent. of the nominal amount of the Notes for the time being outstanding, which resolution may be contained in one document or in several documents in like form each signed by or on behalf of one or more of the Noteholders
    - (iii) 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 holders of at least 75 per cent. in nominal amount of the Notes for the time being outstanding
  - (g) **hybrid meeting** means a combined physical meeting and virtual meeting convened pursuant to this Schedule by the Issuer or the Trustee and which persons may attend either at the physical location specified in the notice of such meeting or via an electronic platform
  - (h) **physical meeting** means any meeting attended by persons present in person at the physical location specified in the notice of such meeting
  - (i) **present** means physically present in person at a physical meeting or a hybrid meeting, or able to participate in or join a virtual meeting or a hybrid meeting held via an electronic platform
  - (j) **virtual meeting** means any meeting held via an electronic platform
  - (k) **voting certificate** means a certificate issued in accordance with paragraphs 5, 6, 7 and 14 and

- (l) references to persons representing a proportion of the Notes are to Noteholders or agents holding or representing in the aggregate at least that proportion in nominal amount of the Notes for the time being outstanding.

### **Powers of meetings**

2. A meeting shall, subject to the Conditions and without prejudice to any powers conferred on other persons by this Trust Deed, have power by Extraordinary Resolution:
  - (a) to sanction any proposal by the Issuer or the Trustee for any modification, abrogation, variation or compromise of, or arrangement in respect of, the rights of the Noteholders and/or the Couponholders against the Issuer, whether or not those rights arise under this Trust Deed
  - (b) to sanction the exchange or substitution for the Notes of, or the conversion of the Notes into, shares, bonds or other obligations or securities of the Issuer or any other entity
  - (c) to assent to any modification of this Trust Deed, the Notes, the Talons or the Coupons proposed by the Issuer or the Trustee
  - (d) to authorise anyone to concur in and do anything necessary to carry out and give effect to an Extraordinary Resolution
  - (e) to give any authority, direction or sanction required to be given by Extraordinary Resolution
  - (f) to appoint any persons (whether Noteholders or not) as a committee or committees to represent the Noteholders' interests and to confer on them any powers or discretions which the Noteholders could themselves exercise by Extraordinary Resolution
  - (g) to approve a proposed new Trustee and to remove a Trustee
  - (h) to approve the substitution of any entity for the Issuer (or any previous substitute) as principal debtor under this Trust Deed and
  - (i) to discharge or exonerate the Trustee from any liability in respect of any act or omission for which it may become responsible under this Trust Deed, the Notes, the Talons or the Coupons

provided that the special quorum provisions in paragraph 19 shall apply to any Extraordinary Resolution (a **special quorum resolution**) for the purpose of sub-paragraph 2(b) or 2(h), any of the proposals listed in Condition 11(a) or any amendment to this proviso.

### **Convening a meeting**

3. The Issuer or the Trustee may at any time convene a meeting. If it receives a written request by Noteholders holding at least 10 per cent in nominal amount of the Notes of any Series for the time being outstanding and is indemnified, secured and/or prefunded to its satisfaction against all costs and expenses, the Trustee shall convene a meeting of the Noteholders of that Series. Every physical meeting shall be held at a time and place as the Trustee may approve. Every virtual meeting shall be held via an electronic platform and at a time approved by the Trustee. Every hybrid meeting shall be held at a time and place and via an electronic platform approved by the Trustee.
4. At least 21 days' notice (exclusive of the day on which the notice is given and of the day of the meeting) shall be given to the Noteholders. A copy of the notice shall be given by the party



convening the meeting to the other parties. The notice (which shall be in the English language) shall specify the day, time and place of meeting and the manner in which it is to be held and, unless the Trustee otherwise agrees, the nature of the resolutions to be proposed and shall explain how Noteholders may appoint proxies or representatives, obtain voting certificates and use block voting instructions and the details of the time limits applicable. With respect to a virtual meeting or a hybrid meeting, each such notice shall set out such other and further details as are required under paragraph 32.

### **Arrangements for voting**

5. If a holder of a Bearer Note wishes to obtain a voting certificate in respect of it for a meeting, he must deposit it for that purpose at least 48 hours before the time fixed for the meeting with a Paying Agent or to the order of a Paying Agent with a bank or other depositary nominated by the Paying Agent for the purpose. The Paying Agent shall then issue a voting certificate in respect of it.
6. A voting certificate shall:
  - (a) be a document in the English language
  - (b) be dated
  - (c) specify the meeting concerned and the serial numbers of the Notes deposited and
  - (d) entitle, and state that it entitles, its bearer to attend and vote at that meeting in respect of those Notes.
7. Once a Paying Agent has issued a voting certificate for a meeting in respect of a Note, it shall not release the Note until either:
  - (a) the meeting has been concluded or
  - (b) the voting certificate has been surrendered to the Paying Agent.
8. If a holder of a Bearer Note wishes the votes attributable to it to be included in a block voting instruction for a meeting, then, at least 48 hours before the time fixed for the meeting, (i) he must deposit the Note for that purpose with a Paying Agent or to the order of a Paying Agent with a bank or other depositary nominated by the Paying Agent for the purpose and (ii) he or a duly authorised person on his behalf must direct the Paying Agent how those votes are to be cast. The Paying Agent shall issue a block voting instruction in respect of the votes attributable to all Notes so deposited.
9. A block voting instruction shall:
  - (a) be a document in the English language
  - (b) be dated
  - (c) specify the meeting concerned
  - (d) list the total number and serial numbers of the Notes deposited, distinguishing with regard to each resolution between those voting for and those voting against it
  - (e) certify that such list is in accordance with Notes deposited and directions received as provided in paragraphs 8, 11 and 14 and

- (f) appoint a named person (a **proxy**) to vote at that meeting in respect of those Notes and in accordance with that list.

A proxy need not be a Noteholder.

10. Once a Paying Agent has issued a block voting instruction for a meeting in respect of the votes attributable to any Notes:
  - (a) it shall not release the Notes, except as provided in paragraph 11, until the meeting has been concluded and
  - (b) the directions to which it gives effect may not be revoked or altered during the 48 hours before the time fixed for the meeting.
11. If the receipt for a Note deposited with a Paying Agent in accordance with paragraph 8 is surrendered to the Paying Agent at least 48 hours before the time fixed for the meeting, the Paying Agent shall release the Note and exclude the votes attributable to it from the block voting instruction.
12. Each block voting instruction shall be deposited at least 24 hours before the time fixed for the meeting at such place as the Trustee shall designate or approve, and in default it shall not be valid unless the chairman of the meeting decides otherwise before the meeting proceeds to business. If the Trustee requires, a notarially certified copy of each block voting instruction shall be produced by the proxy at the meeting but the Trustee need not investigate or be concerned with the validity of the proxy's appointment.
13. A vote cast in accordance with a block voting instruction shall be valid even if it or any of the Noteholders' instructions pursuant to which it was executed has previously been revoked or amended, unless written intimation of such revocation or amendment is received from the relevant Paying Agent by the Issuer or the Trustee at its registered office or by the chairman of the meeting in each case at least 24 hours before the time fixed for the meeting.
14. No Note may be deposited with or to the order of a Paying Agent at the same time for the purposes of both paragraphs 5 and 8 for the same meeting.
15.
  - (a) A holder of a Registered Note may, by an instrument in writing in the form available from the specified office of a Transfer Agent in the English language executed by or on behalf of the holder and delivered to the Transfer Agent at least 24 hours before the time fixed for a meeting, appoint any person (a **proxy**) to act on his behalf in connection with that meeting. A proxy need not be a Noteholder.
  - (b) A corporation which holds a Registered Note may by delivering to a Transfer Agent at least 24 hours before the time fixed for a meeting a certified copy of a resolution of its directors or other governing body (with, if it is not in English, a certified translation into English) authorise any person to act as its representative (a **representative**) in connection with that meeting.

### **Chairman**

16. The chairman of a meeting shall be such person as the Trustee may nominate in writing, but if no such nomination is made or if the person nominated is not present within 15 minutes after the time fixed for the meeting the Noteholders or agents present shall choose one of their number to be chairman, failing which the Issuer may appoint a chairman. The chairman need not be a Noteholder or agent. The chairman of an adjourned meeting need not be the same person as the chairman of the original meeting.

## Attendance

17. The following may attend and speak at a meeting:

- (a) Noteholders and agents
- (b) the chairman
- (c) the Issuer and the Trustee (through their respective representatives) and their respective financial and legal advisers
- (d) the Dealers and their advisers.

No-one else may attend or speak.

## Quorum and Adjournment

18. No business (except choosing a chairman) shall be transacted at a meeting unless a quorum is present at the commencement of business. If a quorum is not present within 15 minutes from the time initially fixed for the meeting, it shall, if convened on the requisition of Noteholders or if the Issuer and the Trustee agree, be dissolved. In any other case it shall be adjourned until such date, not less than 14 nor more than 42 days later, and time and place as the chairman may decide. If a quorum is not present within 15 minutes from the time fixed for a meeting so adjourned, the meeting shall be dissolved.

19. Two or more Noteholders or agents present in person shall be a quorum:

- (a) in the cases marked "No minimum proportion" in the table below, whatever the proportion of the Notes which they represent
- (b) in any other case, only if they represent the proportion of the Notes shown by the table below.

<b>COLUMN 1</b>	<b>COLUMN 2</b>	<b>COLUMN 3</b>
Purpose of meeting	Any meeting except one referred to in column 3 Required proportion	Meeting previously adjourned through want of a quorum Required proportion
To pass a special quorum resolution	two-thirds	one-third
To pass any other Extraordinary Resolution	A clear majority	No minimum proportion
Any other purpose	10 per cent	No minimum proportion

20. The chairman may with the consent of (and shall if directed by) a meeting adjourn the meeting from time to time and from place to place. Only business which could have been transacted at the original meeting may be transacted at a meeting adjourned in accordance with this paragraph or paragraph 18.

21. At least 10 days' notice of a meeting adjourned through want of a quorum shall be given in the same manner as for an original meeting and that notice shall state the quorum required at the adjourned meeting. No notice need, however, otherwise be given of an adjourned meeting.

### **Voting**

22. Each question submitted to a meeting shall be decided by a show of hands unless a poll is (before, or on the declaration of the result of, the show of hands) demanded by the chairman, the Issuer, the Trustee or one or more persons representing 2 per cent of the Notes.
23. Unless a poll is demanded a declaration by the chairman that a resolution has or has not been passed shall be conclusive evidence of the fact without proof of the number or proportion of the votes cast in favour of or against it.
24. If a poll is demanded, it shall be taken in such manner and (subject as provided below) either at once or after such adjournment as the chairman directs. The result of the poll shall be deemed to be the resolution of the meeting at which it was demanded as at the date it was taken. A demand for a poll shall not prevent the meeting continuing for the transaction of business other than the question on which it has been demanded.
25. A poll demanded on the election of a chairman or on a question of adjournment shall be taken at once.
26. On a show of hands every person who is present in person and who produces a Bearer Note, a Certificate of which he is the registered holder or a voting certificate or is a proxy or representative has one vote. On a poll every such person has one vote in respect of each integral currency unit of the Specified Currency of such Series of Notes so produced or represented by the voting certificate so produced or for which he is a proxy or representative. Without prejudice to the obligations of proxies, a person entitled to more than one vote need not use them all or cast them all in the same way.
27. In case of equality of votes the chairman shall both on a show of hands and on a poll have a casting vote in addition to any other votes which he may have.

### **Effect and Publication of an Extraordinary Resolution**

28. An Extraordinary Resolution shall be binding on all the Noteholders, whether or not present at the meeting, and on all the Couponholders and each of them shall be bound to give effect to it accordingly. The passing of such a resolution shall be conclusive evidence that the circumstances justify its being passed. The Issuer shall give notice of the passing of an Extraordinary Resolution to Noteholders within 14 days but failure to do so shall not invalidate the resolution.

### **Minutes**

29. Minutes shall be made of all resolutions and proceedings at every meeting and, if purporting to be signed by the chairman of that meeting or of the next succeeding meeting, shall be conclusive evidence of the matters in them. Until the contrary is proved every meeting for which minutes have been so made and signed shall be deemed to have been duly convened and held and all resolutions passed or proceedings transacted at it to have been duly passed and transacted.

### **Trustee's Power to Prescribe Regulations**

30. Subject to all other provisions in this Trust Deed the Trustee may without the consent of the Noteholders prescribe such further or alternative regulations regarding the holding of meetings and

attendance and voting at them as it in its sole discretion determines including (including, without limitation, the substitution for periods of 24 Hours and 48 Hours referred to in this Schedule of shorter periods and the holding of meetings by audio or video conference call) such requirements as the Trustee thinks reasonable to satisfy itself that the persons who purport to make any requisition in accordance with this Trust Deed are entitled to do so and as to the form of voting certificates or block voting instructions so as to satisfy itself that persons who purport to attend or vote at a meeting are entitled to do so and/or to facilitate the holding of a virtual meeting or a hybrid meeting.

31. The foregoing provisions of this Schedule shall have effect subject to the following provisions:
- (a) Meetings of Noteholders of separate Series will normally be held separately. However, the Trustee may from time to time determine that meetings of Noteholders of separate Series shall be held together
  - (b) A resolution that in the opinion of the Trustee affects one Series alone shall be deemed to have been duly passed if passed at a separate meeting of the Noteholders of the Series concerned
  - (c) A resolution that in the opinion of the Trustee affects the Noteholders of more than one Series but does not give rise to a conflict of interest between the Noteholders of the different Series concerned shall be deemed to have been duly passed if passed at a single meeting of the Noteholders of the relevant Series provided that for the purposes of determining the votes a Noteholder is entitled to cast pursuant to paragraph 26, each Noteholder shall have one vote in respect of each £1 nominal amount of Notes held, converted, if such Notes are not denominated in pounds sterling, in accordance with Clause 11.13
  - (d) A resolution that in the opinion of the Trustee affects the Noteholders of more than one Series and gives or may give rise to a conflict of interest between the Noteholders of the different Series concerned shall be deemed to have been duly passed only if it shall be duly passed at separate meetings of the Noteholders of the relevant Series
  - (e) To all such meetings as aforesaid all the preceding provisions of this Schedule shall *mutatis mutandis* apply as though references therein to Notes and to Noteholders were references to the Notes and Noteholders of the Series concerned.

#### **Additional provisions applicable to virtual and/or hybrid meetings**

32. Additional provisions applicable to virtual meetings and/or hybrid meetings:
- (a) The Issuer (with the Trustee's prior approval) or the Trustee in its sole discretion may decide to hold a virtual meeting or a hybrid meeting and, in such case, shall provide details of the means for Noteholders or their representatives to attend, participate in and/or speak at the meeting, including the electronic platform to be used.
  - (b) Without prejudice to paragraph 17, the Issuer (with the Trustee's prior approval) or the chairperson or the Trustee in its sole discretion may make any arrangement and impose any requirement or restriction as is necessary to ensure the identification of those entitled to take part in the virtual meeting or hybrid meeting and the suitability of the electronic platform. All documentation that is required to be passed between persons at or for the purposes of the virtual meeting or persons attending the hybrid meeting via the electronic platform (in each case, in whatever capacity) shall be communicated by email (or such other medium of electronic communication as the Trustee may approve), provided that the Issuer or its agent(s) shall be solely responsible for facilitating the distribution of all such documentation unless the meeting shall have been convened by the Trustee.

- (c) All resolutions put to a virtual meeting or a hybrid meeting shall be voted on by a poll in accordance with paragraphs 25, 26 and 27 above.
- (d) Persons seeking to attend, participate in, speak at or join a virtual meeting or a hybrid meeting via the electronic platform, shall be responsible for ensuring that they have access to the facilities (including, without limitation, IT systems, equipment and connectivity) which are necessary to enable them to do so.
- (e) In determining whether persons are attending, participating in or joining a virtual meeting or a hybrid meeting via the electronic platform, it is immaterial whether any one or more persons attending it are in the same physical location as each other or how they are able to communicate with each other.
- (f) One or more persons who are not in the same physical location as each other attend a virtual meeting or a hybrid meeting if their circumstances are such that if they have (or were to have) rights to speak or vote at that meeting, they are (or would be) able to exercise them.
- (g) In the case of a virtual meeting or a hybrid meeting via the electronic platform only, the chairperson of the meeting reserves the right to take such steps as the chairperson shall determine in its absolute discretion to avoid or minimise disruption at the meeting, which steps may include (without limitation), muting the electronic connection to the meeting of the person causing such disruption for such period of time as the chairperson may determine.
- (h) A person is able to exercise the right to speak at a virtual meeting or a hybrid meeting when that person is in a position to communicate to all those attending the meeting, during the meeting, as contemplated by the relevant provisions of this Schedule. A person is able to exercise the right to speak at a virtual meeting or a hybrid meeting when that person is in a position to communicate to all those attending the meeting, during the meeting, as contemplated by the relevant provisions of this Schedule.
- (i) A person is able to exercise the right to vote at a virtual meeting or a hybrid meeting when:
  - (i) that person is able to vote, during the meeting, on resolutions put to the vote at the meeting; and
  - (ii) that person's vote can be taken into account in determining whether or not such resolutions are passed contemporaneously with the votes of all the other persons attending the meeting who are entitled to vote at such meeting.

26. The Trustee shall not be responsible or liable to the Issuer or any other person for the choice or security of the electronic platform used for any virtual meeting or hybrid meeting or for accessibility or connectivity or the lack of accessibility or connectivity to any virtual meeting or hybrid meeting, notwithstanding any approval that may have been provided by the Trustee to the Issuer.

## SCHEDULE 4

### FORM OF AUTHORISED PERSON CERTIFICATE

[ON THE ISSUER'S HEADED NOTEPAPER]

The Directors  
HSBC Corporate Trustee Company (UK) Limited  
8 Canada Square  
London E14 5HQ

Dear Sirs

**Amended and Restated Trust Deed dated 26 April 2023, between Principality Building Society (the Issuer) and HSBC Corporate Trustee Company (UK) Limited (as amended and/or supplemented and/or restated from time to time, the Trust Deed) relating to the £1,000,000,000 Euro Medium Term Note programme.**

We [ ] and [ ], being Authorised Persons of the Issuer HEREBY CERTIFY that having made all reasonable enquiries, to the best of the knowledge, information and belief of the Issuer

[there did not exist, as at *[Please insert a date not more than five days prior to the date of this Certificate]* (the **Certification Date**), and there had not existed since *[the date of this Trust Deed or the date as of which the previous Certificate was given, whichever is the most recent]*, any Event of Default, Potential Event of Default or Regulatory Event (as defined in the Trust Deed or the Conditions) or other breach of this Trust Deed.]

OR

[only the following Events of Default (as defined in the Trust Deed) [exist/have existed] since *[the date of this Trust Deed or the date as of which the previous Certificate was given, whichever is the most recent]*:

*[Insert details of Event of Default, Potential Event of Default or Regulatory Event].*

**PRINCIPALITY BUILDING SOCIETY**

By: \_\_\_\_\_

**SIGNATORIES**

This deed is delivered on the date stated at the beginning.

**PRINCIPALITY BUILDING SOCIETY**

**THE COMMON SEAL** of **PRINCIPALITY** )  
**BUILDING SOCIETY** was affixed )  
to this deed in the presence of: )

[COMMON SEAL]

[SHANNON HUGHES]

[IAIN MANSFIELD]  
26/4/23

**HSBC CORPORATE TRUSTEE COMPANY (UK) LIMITED**

By:

Witnessed by:

Witness address:



**SIGNATORIES**

This deed is delivered on the date stated at the beginning.

**PRINCIPALITY BUILDING SOCIETY**

**THE COMMON SEAL** of **PRINCIPALITY** )  
**BUILDING SOCIETY** was affixed )  
to this deed in the presence of: )

**HSBC CORPORATE TRUSTEE COMPANY (UK) LIMITED**

By: [SIMON LAZARUS]

Witnessed by: [ANDREA FORDYCE]

Witness address: [HSBC BANK PLC  
8 CANADA SQUARE  
LONDON  
E14 5HQ]