Base Prospectus dated 15 December 2023

(incorporated in England under the Building Societies Act 1986)

£2,000,000,000

Euro Medium Term Note Programme

On 7 December 2000, Skipton Building Society (the "Issuer" or the "Society") established a Euro Medium Term Note Programme (the "Programme") and issued an Offering Circular on that date describing the Programme. This Base Prospectus supersedes any base prospectus with respect to the Programme issued prior to the date hereof. Any Notes (as defined below) issued under the Programme on or after the date of this Base Prospectus are issued subject to the provisions described herein. This does not affect Notes issued prior to the date of this Base Prospectus.

Under the Programme the Issuer may from time to time issue notes (the "Notes" which expressions shall include Senior Preferred Notes, Senior Non-Preferred Notes and Subordinated Notes (each as defined in "*Terms and Conditions of the Notes*")) denominated in any currency agreed between the Issuer and the relevant Dealer (as defined below). The Notes may be issued in bearer form or registered form ("Bearer Notes" and "Registered Notes", respectively).

The maximum aggregate nominal amount of all Notes from time to time outstanding under the Programme will not exceed £2,000,000,000 (or its equivalent in other currencies calculated as described herein), subject to increase as described herein.

The Notes may be issued on a continuing basis to one or more of the Dealers specified under "*Overview of the Programme*" and any additional Dealer appointed under the Programme from time to time by the Issuer (each a "Dealer" and together the "Dealers"), which appointment may be for a specific issue or on an ongoing basis. References in this Base Prospectus to the "relevant Dealer" shall, in the case of an issue of Notes being (or intended to be) subscribed by more than one Dealer, be to all Dealers agreeing to subscribe such Notes.

An investment in Notes issued under the Programme involves certain risks. For a discussion of these risks see "*Risk Factors*".

This Base Prospectus has been approved as a base prospectus by the Financial Conduct Authority (the "FCA"), as competent authority under Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018, as amended (the "EUWA") (the "UK Prospectus Regulation"). The FCA only approves this Base Prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by the UK Prospectus Regulation. Approval by the FCA should not be considered as an endorsement of the Issuer or of the quality of the Notes that are the subject of this Base Prospectus. Investors should make their own assessment as to the suitability of investing in the Notes.

Application has been made to the FCA in its capacity as competent authority for Notes issued under the Programme during the period of 12 months from the date of this Base Prospectus to be admitted to the official list of the FCA (the "Official List") and to the London Stock Exchange plc (the "London Stock Exchange") for such Notes to be admitted to trading on the main market of the London Stock Exchange (the "main market").

References in this Base Prospectus to Notes being "listed" (and all related references) shall mean that such Notes have been admitted to trading on the main market and have been admitted to the Official List. The main market is a UK regulated market for the purposes of Regulation (EU) 600/2014 on markets in financial instruments as it forms part of domestic law by virtue of the EUWA ("UK MiFIR").

This Base Prospectus (as supplemented as at the relevant time, if applicable) is valid for 12 months from its date in relation to Notes which are to be admitted to trading on a UK regulated market. The obligation to supplement this Base Prospectus in the event of a significant new factor, material mistake or material inaccuracy does not apply when this Base Prospectus is no longer valid.

The Senior Preferred Notes and any Coupons relating thereto will constitute "ordinary non-preferential debts" for the purposes of the Insolvency Act 1986 (as amended, including by The Banks and Building Societies (Priorities on Insolvency) Order 2018 (the "Order"), the "Insolvency Act")) and any other law or regulation applicable to the Issuer which is amended by the Order (together, the "Ranking Legislation"). The Senior Non-Preferred Notes and any Coupons relating thereto will constitute "secondary non-preferential debts" for the purposes of the Ranking Legislation. The Subordinated Notes and any Coupons relating thereto will constitute "tertiary non-preferential debts" for the purposes of the Ranking Legislation.

Notice of the aggregate nominal amount of Notes, interest (if any) payable in respect of Notes, the issue price of Notes and certain other information which is applicable to each Tranche (as defined under "Terms and Conditions of the Notes") of Notes will be set out in a final terms (the "Final Terms") which will be delivered to the FCA and the London Stock Exchange. Copies of Final Terms in relation to Notes to be listed on the London Stock Exchange will also be published on the website of the London Stock Exchange through a regulatory information service.

The Programme has been rated "A2" (in respect of Senior Preferred Notes) and "Baa1" (in respect of Senior Non-Preferred Notes and Subordinated Notes) by Moody's Investors Service Limited ("Moody's") and "A" (in respect of Senior Preferred Notes with a maturity of more than one year and "A-" in respect of Senior Non-Preferred Notes) by Fitch Ratings Ltd ("Fitch"). Each of Moody's and Fitch is established in the United Kingdom (the "UK") and is registered under the Regulation (EC) No. 1060/2009 as it forms part of domestic law by virtue of the EUWA (the "UK CRA Regulation"). Accordingly, each of Moody's and Fitch is included in the list of credit rating agencies published by the FCA on its website (at https://www.fca.org.uk/firms/credit-rating-agencies) under the UK CRA Regulation. Ratings issued by Moody's and Fitch are generally endorsed by Moody's Deutschland GmbH and Fitch Ratings Ireland Limited, respectively, each of which is established in the European Economic Area (the "**EEA**"), registered under Regulation (EC) No. 1060/2009 (the "CRA Regulation") and included in the list of credit rating agencies published by the European Securities and Markets Authority on its website (at http://www.esma.europa.eu/page/List-registered-and-certified-CRAs) in accordance with the CRA Regulation and have not been withdrawn. Notes issued under the Programme may be rated or unrated. Where a Tranche of Notes is rated, such rating will be disclosed in the Final Terms and will not necessarily be the same as the rating assigned to the Programme by the relevant rating agency. A security rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.

The Notes have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the "Securities Act") or any U.S. State securities laws and may not be offered or sold in the United States or to, or for the account or the benefit of, U.S. persons as defined in Regulation S under the Securities Act unless an exemption from the registration requirements of the Securities Act is available and in accordance with all applicable securities laws of any state of the United States and any other jurisdiction. If a jurisdiction requires that the offering be made by a licensed broker or dealer and any Dealer or any affiliate of any Dealer is a licensed broker or dealer in that jurisdiction and so agrees, the offering shall be deemed to be made by such Dealer or such affiliate on behalf of the Issuer in such jurisdiction.

Amounts payable on Floating Rate Notes may be calculated by reference to EURIBOR, SONIA, SOFR or €STR, if so specified in the relevant Final Terms. The relevant Final Terms will indicate whether or not any benchmark applicable to the relevant Notes is provided by an administrator included in the register of administrators and benchmarks established and maintained by the FCA under Article 36 of Regulation (EU) No 2016/1011 as it forms part of domestic law by virtue of the EUWA (the "UK Benchmarks Regulation"). The registration status of any administrator under the UK Benchmarks Regulation is a matter of public record and the Issuer does not intend to update any Final Terms to reflect any subsequent change in the registration status of the administrator.

Arranger

Barclays

Dealers

Barclays **BNP PARIBAS** **HSBC**

Lloyds Bank Corporate Markets **NatWest Markets**

IMPORTANT INFORMATION

This Base Prospectus comprises a base prospectus for the purposes of Article 8 of the UK Prospectus Regulation. When used in this Base Prospectus, "UK Prospectus Regulation" means Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the EUWA.

The Issuer accepts responsibility for the information contained in this Base Prospectus and the Final Terms for each Tranche (as defined below) of Notes issued under the Programme. To the best of the knowledge of the Issuer, the information contained in this Base Prospectus is in accordance with the facts and the Base Prospectus makes no omission likely to affect its import.

This Base Prospectus is to be read in conjunction with all documents which are deemed to be incorporated herein by reference (see "Documents Incorporated by Reference"). This Base Prospectus shall be read and construed on the basis that those documents are incorporated and form part of this Base Prospectus.

Other than in relation to the documents which are deemed to be incorporated by reference (see "Documents Incorporated by Reference"), the information on the websites to which this Base Prospectus refers does not form part of this Base Prospectus and has not been scrutinised or approved by the FCA.

None of the Arranger, the Dealers nor the Trustee (as defined below) has independently verified the information contained herein. Accordingly, no representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by the Arranger, the Dealers or the Trustee as to the accuracy or completeness of the information contained or incorporated in this Base Prospectus or any other information provided by the Issuer in connection with the Programme. None of the Arranger, the Dealers nor the Trustee accepts any liability in relation to the information contained or incorporated by reference in this Base Prospectus or any other information provided by the Issuer in connection with the Programme.

No person is or has been authorised to give any information or to make any representation not contained in or not consistent with this Base Prospectus or any other information supplied in connection with the Programme or the Notes and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer, the Arranger, any of the Dealers or the Trustee.

Neither this Base Prospectus nor any other information supplied in connection with the Programme or any Notes (i) is intended to provide the basis of any credit or other evaluation or (ii) should be considered as a recommendation by the Issuer, the Arranger, any of the Dealers or the Trustee that any recipient of this Base Prospectus or any other information supplied in connection with the Programme or any Notes should purchase any Notes. Each investor contemplating purchasing any Notes should make its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness, of the Issuer. Neither this Base Prospectus nor any other information supplied in connection with the Programme or the issue of any Notes constitutes an offer or invitation by or on behalf of the Issuer, the Arranger, any of the Dealers or the Trustee to any person to subscribe for or to purchase any Notes.

Neither the delivery of this Base Prospectus nor the offering, sale or delivery of any Notes shall in any circumstances imply that the information contained herein concerning the Issuer is correct as of any time subsequent to the date hereof or that any other information supplied in connection with the Programme is correct as of any time subsequent to the date indicated in the document containing the same. The Arranger, the Dealers and the Trustee expressly do not undertake to review the financial condition or affairs of the Issuer during the life of the Programme or to advise any investor in Notes issued under the Programme of any information coming to their attention.

IMPORTANT – PROHIBITION OF SALES TO EEA RETAIL INVESTORS – *If the Final Terms in respect of any Notes includes a legend entitled "Prohibition of sales to EEA Retail Investors", the Notes are not*

intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the EEA. For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) the Markets in Financial Instruments Directive (Directive 2014/65/EU) (as amended, "MiFID II"); or (ii) a customer within the meaning of Directive (EU) 2016/97 (the "Insurance Distribution Directive"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in Regulation (EU) 2017/1129, as amended (the "EU Prospectus Regulation"). Consequently no key information document required by Regulation (EU) No 1286/2014 (as amended, the "EU PRIIPs Regulation") for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the EU PRIIPs Regulation.

IMPORTANT – PROHIBITION OF SALES TO UK RETAIL INVESTORS – *If the Final Terms in respect of any Notes includes a legend entitled "Prohibition of sales to UK Retail Investors", the Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the UK. For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the EUWA; or (ii) a customer within the meaning of the provisions of the Financial Services and Markets Act 2000, as amended (the "FSMA") and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA; or (iii) not a qualified investor as defined in Article 2 of the UK Prospectus Regulation. Consequently no key information document required by Regulation (EU) No 1286/2014 as it forms part of domestic law by virtue of the EUWA (the "UK PRIIPs Regulation") for offering or selling the Notes or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.*

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

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

UK MiFIR product governance / target market *– The Final Terms in respect of any Notes will include a legend entitled "UK MiFIR Product Governance" which will outline the target market assessment in respect of the Notes and which channels for distribution of the Notes are appropriate. Any distributor should take into consideration the target market assessment; however, a distributor subject to the FCA Handbook Product Intervention and Product Governance Sourcebook (the "UK MiFIR Product Governance Rules") is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the target market assessment) and determining appropriate distribution channels.*

A determination will be made in relation to each issue about whether, for the purpose of the UK MiFIR Product Governance Rules, any Dealer subscribing for any Notes is a manufacturer in respect of such Notes, but

otherwise neither the Arranger nor the Dealers nor any of their respective affiliates will be a manufacturer for the purpose of the UK MiFIR Product Governance Rules.

This Base Prospectus has been prepared on the basis that Notes will be issued with a minimum denomination not less than €100,000 (or equivalent in another currency).

IMPORTANT INFORMATION RELATING TO THE USE OF THIS BASE PROSPECTUS AND OFFERS OF NOTES GENERALLY

This Base Prospectus does not constitute an offer to sell or the solicitation of an offer to buy any Notes in any jurisdiction to any person to whom it is unlawful to make the offer or solicitation in such jurisdiction. The distribution of this Base Prospectus and the offer or sale of Notes may be restricted by law in certain jurisdictions. The Issuer, the Arranger, the Dealers and the Trustee do not represent that this Base Prospectus may be lawfully distributed, or that any Notes may be lawfully offered, in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder, or assume any responsibility for facilitating any such distribution or offering. In particular, no action has been taken by the Issuer, the Arranger or any of the Dealers or the Trustee which is intended to permit a public offering of any Notes or distribution of this Base Prospectus in any jurisdiction where action for that purpose is required. Accordingly, no Notes may be offered or sold, directly or indirectly, and neither this Base Prospectus nor any advertisement or other offering material may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with any applicable laws and regulations. Persons into whose possession this Base Prospectus or any Notes may come must inform themselves about, and observe, any such restrictions on the distribution of this Base Prospectus and the offering and sale of Notes. In particular, there are restrictions on the distribution of this Base Prospectus and the offer or sale of Notes in the United States, the EEA (including Belgium), the UK, Singapore and Japan — see "Subscription and Sale" below.

The Notes may not be a suitable investment for all investors. Each potential investor in the Notes must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor may wish to consider, either on its own or with the help of its financial and other professional advisers, whether it:

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

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

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

(iv) understands thoroughly the terms of the Notes and is familiar with the behaviour of financial markets and the recovery and resolution regime applicable to the Issuer under the Banking Act 2009, as amended; and

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

Legal investment considerations may restrict certain investments. The investment activities of certain investors are subject to investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent (1) Notes are legal investments for it, (2) Notes can be used as collateral for various types of borrowing and (3) other restrictions apply to its purchase or pledge of any Notes. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of Notes under any applicable risk-based capital or similar rules.

PRESENTATION OF INFORMATION

Certain Defined Terms and Conventions

Capitalised terms which are used but not defined in any particular section of this Base Prospectus will have the meaning attributed to them in "Terms and Conditions of the Notes" or any other section of this Base Prospectus. In addition, the following terms as used in this Base Prospectus have the meanings defined below:

In this Base Prospectus, all references to:

- "U.S. dollars", "U.S.$" and "$" refer to United States dollars;
- "Sterling" and "£" refer to pounds sterling;
- "euro" and "€" refer to the currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty on the Functioning of the EU, as amended; and
- the "Building Societies Act" or the "Act" are to the Building Societies Act 1986 (as amended), which expression shall include, where applicable, any statutory modification or re-enactment thereof or any statutory instrument, order or regulation made thereunder or any other statutory modification or re-enactment.

References to a billion are to a thousand million.

Certain figures and percentages included in this Base Prospectus have been subject to rounding adjustments; accordingly, figures shown in the same category presented in different tables may vary slightly and figures shown as totals in certain tables may not be an arithmetic aggregation of the figures which precede them.

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

FORWARD-LOOKING STATEMENTS

Some statements in this Base Prospectus may be deemed to be forward looking statements. Forward looking statements include statements concerning the Issuer's plans, objectives, goals, strategies, future operations and performance and the assumptions underlying these forward looking statements. When used in this Base Prospectus, words such as "anticipates", "estimates", "expects", "believes", "intends", "plans", "aims", "seeks", "may", "will", "should" and any similar expressions generally identify forward looking statements. Forward looking statements are based on the current view of the Issuer's management with respect to future events and financial performance. Although the Issuer believes that the expectations, estimates and projections reflected in its forward looking statements are reasonable as at the date of this Base Prospectus, the Issuer's actual results of operations may vary materially from those expected, estimated or predicted.

Any forward looking statements contained in this Base Prospectus speak only as at the date of this Base Prospectus. Without prejudice to any requirements under applicable laws and regulations, the Issuer expressly disclaims any obligation or undertaking to disseminate after the date of this Base Prospectus any updates or revisions to any forward looking statements contained in it to reflect any change in expectations or any change in events, conditions or circumstances on which any such forward looking statement is based.

SINGAPORE SFA PRODUCT CLASSIFICATION

In connection with Section 309B of the Securities and Futures Act 2001 of Singapore, as amended or modified from time to time (the "**SFA**") and the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore (the "**CMP Regulations 2018**"), unless otherwise specified before an offer of Notes, the Issuer has determined, and hereby notifies all relevant persons (as defined in Section 309A(1) of the SFA), that the

Notes are 'prescribed capital markets products' (as defined in the CMP Regulations 2018) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

STABILISATION

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

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RISK FACTORS

This section describes the principal risk factors associated with an investment in the Notes.

Any investment in the Notes issued under the Programme will involve risks including those described in this section. All principal or material risks in relation to the Issuer and any investment in the Notes are included in this section. The risks and uncertainties described below are not the only risks and uncertainties that the Issuer may face. Additional risks and uncertainties that the Issuer is unaware of, or that it currently deems to be immaterial, may also become important risk factors that affect them. Prospective investors should carefully consider the following discussion of the risk factors and the other information in this Base Prospectus before deciding whether an investment in the Notes is suitable for them.

In addition, factors which are material for the purpose of assessing the market risks associated with Notes issued under the Programme are also described below.

A. RISKS RELATING TO THE ISSUER

1 1.1 The Group's results may be adversely affected by general economic conditions and other business conditions in the UK, the Eurozone and elsewhere

The Issuer's business activities are dependent on the level of banking, finance and financial services required by its customers. As the Issuer currently conducts the majority of its business in the UK, its performance is influenced by the level and cyclical nature of business activity in the UK, which is in turn affected by both domestic and international economic and political events. Adverse developments in the UK economy could cause the Issuer's earnings and profitability to decline.

The impact of global stresses on the UK economy, in particular those caused by (among others) increased geopolitical tensions and conflict (such as the war between Russia and Ukraine and the ongoing conflict between Israel and Hamas), rising inflation, global energy prices or a stress within the Eurozone and the UK Government's response to these, including the impact of monetary policies such as the Bank of England's programme of quantitative tightening, could adversely affect the Issuer's business by reducing the level of demand for, and supply of, the Issuer's products and services, exposing it to lower asset and other realisations and increased negative fair value adjustments and impairments of investments and other assets and may materially and adversely impact the Issuer's operating results and financial condition. For further information on adjustments to the valuations of financial assets, please see "Financial Instruments" below.

The majority of the Society's customers are based in the UK. Recently, the UK has seen weaker economic growth, along with inflationary pressure and increases in the Bank of England's base rate. These recent interest rate increases, coupled with concerns over energy prices and headwinds from high inflation, have the potential to impact a material amount of UK household incomes.

These factors may have led to a cost of living crisis for UK households, which has the potential to impact the short and medium-term credit performance of the Society, along with an increased probability of risk to the Society's customers and their ability to repay their debts. A sustained cost of living challenge could impact the Society's strategy and have a negative impact on the Society's profitability, capital, funding and liquidity requirements and increase market volatility. Additionally, there is a risk of increased fraudulent activity as a consequence of cost of living pressures, which could lead to material arrears and credit losses for the Society and could in turn affect the Society's ability to fulfil its obligations under the Notes.

The cost of living crisis being faced by customers could potentially also result in an increased level of customer stress leading to increased defaults by customers, which in turn could lead to material arrears and credit losses for the Society. This could affect the Issuer's ability to fulfil its obligations under the Notes.

The Issuer's consolidated Group results are influenced by general economic and other business conditions, including the prevailing interest rate environment. The Issuer's mortgage standard variable rate for buy-to-let loans ("**BTL SVR**") and mortgage standard variable rate for owner occupied loans ("**Owner Occupied SVR**"), which still applies to some mortgage loans ("**SVR Loans**"), is capped at 3.00 per cent. above base rate unless the cap is removed in "exceptional circumstances". In 2010 the Issuer's Board of Directors defined "exceptional circumstances" as prevailing where either (a) base rate is less than or equal to 2.70 per cent. or (b) base rate minus the UK average instant access savings rate (as published monthly by the Bank of England) is less than or equal to 2.25 per cent. for each of the three preceding months. The circumstances will remain exceptional for as long as either one of these tests continues to be satisfied. At the date of this Base Prospectus, the circumstances prevailing were not exceptional under either of the two separate tests.

The Issuer's BTL SVR is currently set at 6.50 per cent. and the Issuer's Owner Occupied SVR is currently set at 6.50 per cent. No assurance can be given as to whether exceptional circumstances will prevail in the future and whether the cap could be removed in relation to the SVR Loans. On 14 November 2012, the Issuer introduced a second administered rate called the buy-to-let mortgage variable rate ("**BTL MVR**") and the owner occupied mortgage variable rate ("**Owner Occupied MVR**" and, together with the BTL SVR, the Owner Occupied SVR and the BTL MVR, the "**Administered Rates**"). The BTL MVR is currently set at 6.79 per cent. and the Issuer's Owner Occupied MVR is currently set at 6.79 per cent. No cap applies or has applied to the BTL MVR or the Owner Occupied MVR.

Conversely, an increasing interest rate environment may adversely affect the Issuer's business and financial performance. Increases in the base rate may increase the Issuer's cost of funding, and may also result in other market participants offering more competitive product pricing, which could result in increased customer attrition.

The slowdown in both the global economy and the UK economy means that retail customers may reduce their financial services purchases. This could have an adverse effect on the Group's ability to generate revenue through the disbursement and servicing of new mortgage loans, the fees earned through estate agency and related services and income earned from advice to customers. See also the risk factor entitled "*UK personal financial services market*".

The Issuer's results are more specifically affected by the financial health of, and the price and volume of transactions in, the UK housing market (as to which, see the risk factor entitled "*UK residential housing market risks may adversely impact the Issuer's business*" below). The trading risk of one of the Group's smaller subsidiaries relates to invoice finance/factoring.

The exact nature of the risks that the Issuer faces and the manner and the extent to which they will ultimately impact the Issuer is difficult to predict and to guard against in the light of (i) the interrelated nature of the risks involved, (ii) the difficulties in predicting whether recoveries will be sustained and at what rate, and (iii) the fact that the risks are totally or partially outside the control of the Issuer.

1.2 Deterioration in wholesale funding markets may have an adverse effect on the Issuer

The Issuer depends upon access to wholesale funding sources (including accessing the international debt capital markets) for around 20 per cent. of its funding requirements. More short term unsecured money-market funding is also available as counterparties review credit criteria positively. The Issuer has continued to manage its funding requirements successfully through a combination of raising new funds from the wholesale market, debt capital market as well as through government and central bank facilities.

Various governments and central banks, including the UK government and the Bank of England, have provided significant support to UK financial institutions through a range of measures, including through the Term Funding Scheme with additional incentives for SMEs ("**TFSME**"). The availability of funding through central

bank schemes has supported a benign funding environment for UK banks and building societies in terms of both the cost and availability of funding. The TFSME is no longer available for any further funding, with the drawdown period having closed on 31 October 2021.

The availability of this Government support for UK financial institutions, to the extent that it provided access to cheaper and more attractive funding than other sources, reduced the need for those institutions to fund themselves in the retail or wholesale markets. The Issuer was a participant in the TFSME and had £1,600 million outstanding under the TFSME as at 30 June 2023. With the drawdown period for the TFSME closed it can be expected to result in an increase in competition for other forms of funding, which can be expected to increase funding costs across the industry. As a result, the Issuer may see a reduction in the availability of funding, and an increase in the cost of such funding. A decrease in the availability of funding may adversely impact the Issuer's ability to support its lending operations. Any increase in the cost of funding, driven by this increased competition or by other factors, will adversely impact the Issuer's net interest margin, results of operations and financial position, which in turn could affect the ability of the Issuer to make payments under the Notes. The Issuer expects to mitigate the impact of this refinancing concentration by seeking funds from alternative sources. There can be no assurance that such plans will be successful. The Issuer's available funding options are regularly reviewed. If such funding options are not successful in mitigating the impact of this refinancing concentration, the Issuer could face liquidity constraints. The Issuer manages its refinancing concentration under the government-backed liquidity schemes as part of its general ongoing funding strategy.

There can be no assurance that the wholesale funding markets will not deteriorate in the future. The Issuer has access to wholesale markets via a number of routes in order to mitigate against a deterioration in market conditions.

The Issuer holds buffer eligible liquidity in excess of the Prudential Regulation Authority's ("**PRA**") minimum regulatory requirement and reviews this position daily. The Issuer reported a Net Stable Funding Ratio of 138.6 per cent. at 31 December 2022, in excess of the 100 per cent. minimum requirement, which came into effect on 1 January 2018. Additional internal stress and scenario testing is also performed weekly (or more regularly if required) to assess the adequacy of the liquidity and contingent liquidity available to the Issuer. These results are reviewed weekly by senior management and monthly by the Issuer's Asset and Liability Committee ("**ALCO**") and the Board of Directors.

The Issuer is subject to a periodic statutory liquidity review process by the PRA and any recommendations resulting from this are implemented accordingly.

1.3 Basel III, Capital Management, Leverage and MREL

Capital management - capital requirements

The Basel Committee on Banking Supervision (the "**BCBS**") has approved a series of significant changes to the Basel regulatory capital and liquidity framework in January 2011, January 2014 and December 2017 (such changes being referred to by the BCBS as "**Basel III**", and referred to colloquially, as Basel III in respect of reforms finalised prior to 7 December 2017 and "**Basel IV**" or "**Basel 3.1**" in respect of reforms finalised on or following that date), including additional capital requirements, higher capital ratios, more stringent eligibility requirements for capital instruments, a new leverage ratio and liquidity requirements.

The Basel III reform package agreed in 2010 was implemented in the European Economic Area (the "**EEA**", which at the time included the UK) through the Capital Requirements Regulation (575/2013) (the "**EU CRR**") and an associated directive (the Capital Requirements Directive (2013/36/EU) (the "**EU CRD**")) (together, "**EU** CRD **IV**") which were published in the Official Journal of the EU on 27 June 2013. The EU CRR established a single set of harmonised prudential rules which apply directly to all credit institutions in the EEA, with the EU CRD containing less prescriptive provisions which were transposed into national law. The UK had

transposed those aspects of EU CRD that were in effect as at 31 December 2020 into UK law, and EU CRR as in force on 31 December 2020 was onshored into UK law ("**UK CRR**"). UK CRR has been the subject of further amendments since 31 December 2020, with certain aspects repealed and effectively replaced by equivalent PRA rules. The UK CRR gives express recognition for Common Equity Tier 1 ("**CET1**") capital instruments for mutual and co-operative entities and permits the use of a cap or restriction to safeguard the interests of members and reserves.

The PRA published a Consultation Paper on 30 November 2022 (CP 16/22) on the implementation of the final Basel III standards in the UK (which the PRA refers to as Basel 3.1). The consultation closed on 31 March 2023. This consultation, among other things, proposed changes relating to the use of external credit ratings, a floor for the use of internal models, and a stricter delineation between the banking and trading books. Taking into account the publicly announced implementation timetables in other major jurisdictions, and the need to provide firms with sufficient time to implement the final policies, the PRA proposed in its statement in September 2023 that it intends to move the implementation date of the final Basel 3.1 policies by six months to 1 July 2025 and intends to reduce the transitional period to 4.5 years to ensure full implementation by 1 January 2030. Furthermore, the PRA intends to publish its near-final Basel 3.1 policies on market risk, credit valuation adjustment risk, counterparty credit risk and operational risk in Q4 2023 and the near-final policies on the remaining elements from CP16/22 (including output floor) in Q2 2024.

Regulatory requirements adopted in the United Kingdom may change, as may the way in which the PRA continues to interpret and apply these requirements to UK banks and building societies (including as regards individual model approvals or otherwise) and implement the final Basel 3.1 standards.

Such changes, either individually and/or in aggregate, may lead to further unexpected and enhanced requirements in relation to the Group's capital, leverage, liquidity and funding ratios or alter the way such ratios are calculated. The changes may also affect investors that are subject to regulatory capital requirements.

A market perception or actual shortage of capital issued by the Group could result in governmental actions, including requiring the Group to issue additional CET1 securities, requiring the Group to retain earnings or issuing a public censure or the imposition of sanctions. This may affect the Group's capacity to continue its business operations, generate a return on capital or pursue acquisitions or other strategic opportunities, impacting future growth potential. If the Group is unable to raise this capital, this could affect the Issuer's ability to fulfil its obligations under the Notes.

The Issuer's capital is reported as a ratio of risk adjusted assets expressed as a percentage in different measures: CET1 capital, Tier 1 capital and total capital. If the Issuer fails, or is perceived to be likely to fail, to meet its minimum regulatory requirements, this may result in administrative actions or regulatory sanctions and could result in the Issuer becoming unable to meet its obligations, including those under the Notes.

In addition to the specified requirements for all relevant entities, the PRA may require a credit institution such as the Issuer to meet additional "Pillar 2" requirements, split between "Pillar 2A" and "Pillar 2B". The PRA's current approach to Pillar 2 is set out in its Policy Statement PS 22/21, which took effect from 1 January 2022. The PRA expects firms to meet Pillar 2A with at least 56.25 per cent. in CET1 capital, at least 75 per cent. in Tier 1 capital and no more than 25 per cent. in Tier 2 capital. The Issuer meets these requirements. The Pillar 2B requirement (the "**PRA buffer**") is an amount of capital that firms should hold, in addition to their total capital requirement, to cover losses that may arise under a severe stress scenario, but avoiding duplication with the Basel III buffers. Where the PRA assesses a firm's risk management and governance to be significantly weak, it may also set the PRA buffer to cover the risk posed by those weaknesses until they are addressed.

Accordingly, there is a risk that the Issuer will be required to hold higher levels of, or better quality capital than is currently anticipated or planned for. If and to the extent that the PRA adopts capital or other requirements

which exceed existing capital requirements, this may adversely impact the Issuer's competitiveness relative to any banks and financial institutions subject to less stringent requirements.

Capital management - leverage ratio requirements

Basel III also introduced a new leverage ratio requirement which is in effect for UK banks and building societies. Revisions to the leverage ratio finalised by BCBS in December 2017 had to be implemented by 1 January 2023. The leverage ratio is a non-risk based measure that is designed to act as a supplement to risk based capital requirements. The leverage calculation determines a ratio based on the relationship between Tier 1 capital and total consolidated exposure (i.e. total exposure is the sum of on-balance sheet exposures, derivative exposures, securities financing transaction exposures and off-balance sheet items).

The Financial Policy Committee ("**FPC**") has powers to direct (rather than recommend) that the PRA implement its proposed changes to the leverage ratio framework and the FPC has played a role in reviewing the leverage policy framework in the UK.

As at the date of this Base Prospectus, the Issuer is subject to a supervisory expectation under the UK leverage framework but is not subject to a binding minimum leverage ratio requirement. Should the Issuer fail, or be perceived likely to fail, to meet its supervisory expectation or any applicable future leverage requirements, this may result in administrative actions or regulatory sanctions and could result in the Issuer becoming unable to meet its obligations, including those under the Notes.

Capital management – MREL

To support the effectiveness of bail-in and other resolution tools, the UK implementation of Directive 2014/59/EU (the "**BRRD**") required that all institutions must meet an individual "minimum requirement for own funds and eligible liabilities" (known as "**MREL**") which may be bailed-in, calculated as a percentage of total liabilities and own funds and set by the relevant resolution authorities. Items eligible for inclusion in MREL will include an institution's own funds, along with other "eligible liabilities".

In the UK, the BRRD was implemented by amendments made to the UK's existing special resolution regime contained principally in the Banking Act and associated regulatory rules.

The Bank of England's current policy for exercising its power to direct institutions to maintain a minimum requirement for MREL under section 3A(4) of the UK Banking Act 2009, as amended (the "**Banking Act**"), as set out under a revised MREL Statement of Policy published on 3 December 2021, has applied since 1 January 2022. This revised MREL Statement of Policy provided that the end-state MREL compliance date for institutions considered by the Bank of England to be 'mid-tier firms' (such as the Issuer) was extended to 1 January 2023. On 3 December 2021, in connection with the revised MREL Statement of Policy, the Bank of England also published a call for ideas aimed at minimising the disruption caused by the insolvency of banks and building societies to those depositors who are protected by the FSCS but are reliant on their accounts with the failed firm for day-to-day banking and access to money. Once the Bank of England has had an opportunity to consider these ideas, it may be subject to formal procedures, such as public consultation, as appropriate.

The full application of these measures, and any changes in them from time to time, could increase the Issuer's costs and may affect the Issuer's plans to grow its balance sheet. The Issuer has been designated as a 'single point of entry' firm and the Bank of England has provided an MREL requirement that is, as at the date of this Base Prospectus, being satisfied by the Issuer. If MREL requirements change and exceed current regulatory capital requirements, the Issuer may need to raise additional eligible instruments or reduce total assets. Accordingly, the effects of these requirements could adversely impact the results of operations, financial condition and prospects of the Issuer.

Capital management – internal capital adequacy assessment

The Group conducts an Internal Capital Adequacy Assessment Process ("**ICAAP**") at least annually to assess the Group's current and projected capital requirements to support the current risks in the business and future risks arising from the corporate plan. The ICAAP considers all the Group's material risks and includes Board-approved stress scenarios which are intended, as a minimum, to meet regulatory requirements. The ICAAP is approved annually by the Board of Directors and is reviewed by the PRA when setting the Group's Total Capital Requirements.

The Group adopts the following approaches to calculate its Pillar 1 minimum capital requirements:

- Internal Ratings Based ("**IRB**") approach for residential mortgage exposures of the Issuer;
- IRB approach for exposures relating to investments in subsidiaries outside the regulatory group and non-credit obligation assets (property, plant and equipment, fair value adjustments for hedged risk and cash);
- Standardised approach for other lending exposures;
- Standardised approach for treasury portfolios; and
- Standardised approach for operational risk.

If the Issuer fails, or is perceived to be likely to fail, to meet its minimum regulatory capital requirements, this would result in administrative action or regulatory sanctions and could result in the Issuer becoming unable to meet its obligations, including those under the Notes.

Impact of changes in IRB models and risk-weight floors

Changes to how the Issuer applies its IRB model, or which may require the Issuer to calculate its risk-adjusted assets on the basis of standardised or loan-to-value-based standardised risk-weights, could have a material adverse impact on the Issuer's capital ratios, even if the Issuer remains profitable. In particular, RWA output floors are due to be implemented through a transitional period which, as detailed in CP16/22 (Implementation of the Basel 3.1 standards, published by the PRA on 30 November 2022), is expected to apply from 2025 to 2030, and other reforms for the calculation of risk-weights are also due to be implemented.

Further, a number of PRA reforms for IRB calibration have also been made effective from 1 January 2022. These include the amendment of all rating systems to align with the PRA's updated definitions of 'default', 'probability of default' and 'loss given default', floors for mortgage exposures and the amendment of the PRA's expectations regarding residential mortgage rating systems. The reforms are designed to ensure less volatility in risk-based capital requirements through periods of economic stress by increasing starting RWAs closer to a through-the-cycle average. From 1 January 2022, mortgage exposures classified as in default are excluded from the 10 per cent. average minimum risk weight expectation and a revised temporary model adjustment ("**TMA**") has been applied to the IRB model output at portfolio level.

The Society submitted updated IRB models to the PRA in 2021; the process for review and approval is ongoing and therefore the models remain subject to change until the models are approved by the PRA and may cause variations in the capital metrics. As at the date of this Base Prospectus a TMA has been applied to estimate what the final impact will be in moving to regulator approved hybrid IRB models.

The introduction of an RWA floor for secured lending combined with the IRB calibration changes with the implementation of new secured models may lead to further increases in the Issuer's RWA over time. The Issuer does not currently expect any increase in risk weights from its IRB calculations although there can be no certainty that the Issuer's RWAs won't change further once IRB models are finalised and have undergone PRA approvals. This may mean implementation of new IRB models results in a reduction to its CET1 ratio and a

reduction to its MREL ratio which could in turn result in the Issuer becoming unable to meet its obligations, including those under the Notes.

Failure to meet capital, leverage and/or MREL requirements

If the Issuer fails to meet its capital, leverage and/or MREL requirements in full, the Issuer may be unable to write new business, may be subject to regulatory sanction or fines and, in a severe scenario, could have its authorisation revoked. Furthermore, changes to the regulatory capital and liquidity requirements, and/or the prudential framework, under which the Issuer operates could hinder growth and/or increase its cost of capital by prescribing more stringent requirements than those with which it currently complies. The Issuer's capital ratios may be adversely affected not only by a reduction in the Issuer's capital (including if the Issuer suffers financial losses) but also by changes in the manner in which the Issuer is required to calculate its capital and/or the risk-weightings applied to its assets (including changes in the IRB models of the Issuer, such as the introduction or amendment of risk-weight floors).

In addition, a failure to adequately manage capital, liquidity and the Issuer's MREL requirements could have a material adverse effect on the Issuer. Whilst the Issuer monitors current and expected future capital, liquidity and MREL requirements, including having regard to both leverage and RWA-based requirements, and seeks to manage and plan the prudential position accordingly and on the basis of current assumptions regarding future capital and liquidity requirements, there can be no assurance that the assumptions will be accurate in all respects or that it will not be required to take additional measures to strengthen its capital or liquidity position.

Effective management of the Issuer's capital and regulatory authorisations is critical to its ability to operate and grow its business and to pursue its strategy. Any change that limits the Issuer's ability to manage its balance sheet and capital resources effectively (including, for example, reductions in profits and retained earnings as a result of credit losses, write-downs or otherwise, increases in risk-weighted assets (which may be pro-cyclical under the current capital framework, resulting in risk-weighting increasing in economic downturns), delays in the disposal of certain assets or the inability to raise capital or funding through wholesale markets as a result of market conditions or otherwise) could have a material adverse impact on its business, financial condition, results of operations, liquidity and/or prospects.

Furthermore, if the Issuer fails, or is perceived to be likely to fail, to meet its minimum regulatory capital, leverage or liquidity requirements, or MREL, including in connection with any stress tests performed by the Bank of England or any other relevant authority, this may result in administrative actions or regulatory sanctions. In addition, any actual or perceived weakness relative to the Issuer's competitors could result in a loss of confidence, which could result in high levels of withdrawals from its deposit base, upon which it relies for lending and which could have a material adverse effect on the Issuer's business, financial position and results of operations.

Such events could have a material adverse impact on the Issuer's business, financial condition and results of operations, and could materially adversely impact its ability to meet its obligations (including those under the Notes).

1.4 Financial Instruments

From time to time, the International Accounting Standards Board ("**IASB**") and/or the United Kingdom Endorsement Board may change the international accounting standards issued by the IASB, as adopted by the United Kingdom ("**IFRS**") that govern the preparation of the Issuer's financial statements. These changes can be difficult to predict and could materially impact how the Issuer records and reports its financial condition and results of operations. In some cases, the Issuer could be required to apply a new or revised standard retroactively, resulting in restating financial statements for a prior period.

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

Since the adoption by the Issuer of IFRS 9, the Issuer is required to use a forward-looking "expected credit loss" ("**ECL**") model when valuing financial assets. The ECL model in IFRS 9 involves a number of factors that require significant judgement. These factors include, for example, assessing probability of default, determining when the risk of default has significantly increased and forming a view as to the future direction of relevant economic variables. To implement its IFRS 9 methodologies, the Group has designed and built an appropriate suite of models. The modelling techniques vary according to the characteristics of each impacted portfolio of financial assets, ranging from complex statistical models for the Group's residential loan portfolios, to a more simplified approach for trade receivables. The impact of the cost of living crisis (including rising energy costs) and government policies may render these valuations and assessments more volatile, which may materially and adversely impact the Issuer's operating results and financial condition.

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

Accounting policies and methods are fundamental to how the Issuer records and reports its financial condition and results of operations. The Issuer must exercise judgement in selecting and applying many of these accounting policies and methods so that they comply with IFRS.

The Issuer has identified certain accounting policies in the notes to its audited consolidated financial statements for the year ended 31 December 2022 incorporated by reference in this Base Prospectus in respect of which significant judgement is required in determining appropriate assumptions and estimates when valuing assets, liabilities, commitments and contingencies. A variety of factors could affect the ultimate value that is obtained either when earning income, recognising an expense, recovering an asset or reducing a liability. The Issuer has established detailed policies and control procedures that are intended to ensure that these judgements (and the associated assumptions and estimates) are well controlled and applied consistently. In addition, the policies and procedures are intended to ensure that the process for changing methodologies occurs in an appropriate manner. Nevertheless, because of the uncertainty surrounding the Issuer's judgements and the estimates pertaining to these matters, the Issuer may be required to make changes in accounting estimates or restate prior period financial statements in the future and any such changes or restatements could be material in nature and may therefore have an adverse effect on the Issuer's financial position.

1.6 UK personal financial services market

The UK financial services market for products such as savings and regulated investments (where the Issuer acts as distributor for third parties) is competitive. Further increased demand for retail funding from financial institutions and other existing and new market participants (including alternative finance, challenger or fintech competitors) and a downturn in equity markets could have an adverse effect on the Issuer's sales opportunities, and therefore on the Issuer's financial position.

The Group is predominantly active in the UK and is, to a large extent, exposed to the UK property market. Therefore, the general UK macro-economic environment is a key determinant of the success of the Group. The main drivers that impact the Group include:

- interest rates;
- inflation;

- unemployment; and
- the housing market (volume of transactions and house prices).

1.7 Risks relating to the Issuer's mortgages business

Whilst levels of mortgage arrears remained relatively static in the last year, the Issuer remains cognisant that the situation can change at any time. Increasing interest rates, higher unemployment, inflation (including through increased energy prices) or a material decline in house prices would impact the Home Financing business through higher levels of arrears and possessions, and ultimately higher credit losses. The Issuer is complying with the Mortgages Tailored Support Guidance published on 25 March 2021 (the "**Mortgages Tailored Support Guidance"**) which was issued to address exceptional circumstances arising out of the coronavirus pandemic. On 16 June 2022, the FCA sent a "Dear CEO" letter which stated that the FCA consider that the Mortgages Tailored Support Guidance is also relevant for borrowers in financial difficulties due to other circumstances such as the rising cost of living. Therefore, if a borrower indicates that they are experiencing or reasonably expect to experience payment difficulties due to the rising cost of living, the FCA have said that lenders should offer prospective forbearance to enable them to avoid, reduce, or manage any payment shortfall that would otherwise arise. This includes borrowers who have not yet missed a payment. If the Issuer were to offer forbearance to a significant number of customers as a result of the Mortgages Tailored Support Guidance, it may adversely affect the Issuer's ability to make payments on the Notes where due. No assurance can be given as to the impact of the cost of living crisis faced by borrowers in the UK on the general economy. Furthermore, the Issuer has signed up to the Mortgage Charter, which outlines the standards lenders have agreed to uphold for customers affected by the increase in mortgage rates and the elevated cost of living.

The Issuer's business is also complemented by additional subsidiary businesses, such as the Connells Limited group of companies ("**Connells**") and Skipton International Limited ("**SIL**"). The results of Connells group are principally driven by the volume of UK property transactions, which is heavily influenced by consumer confidence, driven by the general state of the economy. A slowdown in the housing market was seen following the mini-budget in September 2022, and more recently as a result of rising interest rates, which are expected to be higher for longer amidst stubbornly high inflation, putting pressure on Connells' income levels. Connells is partially protected against the performance of its core business through its own diversification into complementary businesses such as lettings and property asset management; whilst the wider diversification of the full Group has helped maintain overall performance.

On 8 March 2021, Connells acquired the entire issued share capital of Countrywide plc (now Countrywide Limited). In order to fund the transaction, enable Connells to repay existing borrowings in Countrywide and provide working capital, the Society agreed to provide a loan of £253.0 million to Connells Limited on completion of the acquisition. As at 31 December 2022, the outstanding amount due from Connells to the Society in respect of this loan was £124.5 million. The size of the two businesses, and the majority of the activities they undertake, are not too dissimilar, hence the acquisition has roughly doubled the risk exposure to the housing market and the operational risks associated with operating within it.

Any downturn in the business prospects of any or all of the Issuer's subsidiaries could adversely affect the performance of the Group. No assurance can be given as to the impact of adverse general economic conditions on the performance of the Group.

1.8 Any decline in the Issuer's credit rating may affect the market value of the Issuer's securities and the accessibility of wholesale funding

The Issuer's credit ratings are an assessment of its profitability, financial strength and its ability to pay obligations, including those on any securities issued (including the Notes). Consequently, actual or anticipated declines in the Issuer's credit ratings may affect the market value of the Issuer's securities (including the Notes).

A negative change of sentiment towards financial institutions generally operating in the UK's residential mortgage market (including the Issuer) could occur which may result in wholesale funding being more difficult to obtain and/or being more costly, which could have a material adverse effect on the liquidity and funding of all UK financial services institutions, including the Issuer. If the Issuer's credit rating were to decline, in the short term the Issuer may have to increase its level of retail funding. Whilst the Issuer's strong retail franchise would enable this, such funding would be expected to come at a significantly higher cost to the Issuer. In addition, any such events could affect the market value of the Notes.

1.9 The Issuer's hedging strategies may not prevent losses

The Issuer is continually managing its exposure to interest rate, currency and refinancing risks. If any of the variety of instruments and strategies the Issuer uses to hedge its exposure to these various types of risk is not effective, the Issuer may incur losses and could become unable to meet its obligations, including those under the Notes. The Issuer may not be able to obtain economically efficient hedging contracts that will enable it to carry on its present policies with respect to new assets and liabilities.

1.10 The Issuer's derivatives counterparties may not honour their contracts

The Issuer uses derivatives to manage its market risks. These derivatives are negotiated and transacted with a range of counterparties. As of the date of this Base Prospectus there has not been a situation in which the Issuer's derivative counterparties have not honoured their obligations under the derivative agreements. A failure by one or more counterparties to honour the terms of its derivatives contract with the Issuer could have an adverse effect on the business, operations and financial condition of the Issuer.

The Issuer clears all relevant derivative contracts as required by Regulation (EU) 648/2012 of the European Parliament and of the Council on OTC derivatives, central counterparties and trade repositories dated 4 July 2012 (including, without limitation, any associated regulatory technical standards and advice, guidance or recommendations from relevant supervisory regulators), as amended or supplemented from time to time ("**EU EMIR**") and EU EMIR as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (as amended by the European Union (Withdrawal Agreement) Act 2020) (the "**EUWA**") (including, without limitation, any associated regulatory technical standards and advice, guidance or recommendations from relevant supervisory regulators), as amended or supplemented from time to time ("**UK EMIR"**). This means that the Issuer's exposure is with a centralised clearing body, LCH Ltd. There is protection under these rules and margin management on an intra-day basis ensures any additional exposure due to mark to market changes in valuation are covered. Additionally, the Issuer has collateralised swap agreements in place with all major swap counterparties in order to minimise the risk of loss in the event of default by a counterparty. However, there can be no guarantee that such strategy will effectively prevent all counterparty-related loss.

1.11 Failure by the Issuer to manage its financial risks, which include liquidity, credit and interest rate, may result in adverse effects on its business, financial condition and/or reputation

The Issuer's success depends on its ability to manage and control its financial risks, which include liquidity, credit and interest rate risks.

1.12 Credit risk

Credit risk is the risk of suffering financial loss should borrowers or counterparties default on their contractual obligations to the Group. The Group faces credit risk from its lending to individuals, businesses and wholesale counterparties.

If the Issuer fails to manage and control its credit risk, the Issuer could become unable to meet its obligations, including those under the Notes.

1.13 Liquidity risk

Liquidity risk is the risk that the Group is unable to meet its current and future financial obligations as they fall due. Liquidity stress testing is carried out against a number of scenarios, including those prescribed by the PRA, considering a wide range of liquidity and economic factors. Early warning indicators are regularly assessed by a variety of functions across the Issuer to ensure liquidity is maintained at appropriate levels and reported to ALCO and the Board of Directors on a monthly basis.

If the Issuer fails to manage and control its liquidity risk, the Issuer could become unable to meet its obligations, including those under the Notes.

1.14 Interest Rate risk

Interest rate risk is the risk of loss arising from adverse movements in market interest rates. This risk is managed through the use of appropriate financial instruments, including derivatives used to hedge exposures, with established risk limits, reporting lines, mandates and other control procedures. For further information in relation to the Issuer's hedging activities please see the above risk factors entitled "The Issuer's hedging strategies may not prevent losses" and "The Issuer's derivatives counterparties may not honour their contracts".

If the Issuer fails to manage and control its interest rate risk, the Issuer could become unable to meet its obligations, including those under the Notes.

B. **LEGAL, REGULATORY AND CONDUCT RISK**

2 **2.1** ***Failure of the Issuer to manage its regulatory and conduct risk may have a material adverse effect on the Issuer's business, financial condition and reputation***

The Issuer conducts its businesses subject to regulation and associated regulatory risks, including the effects of changes in the laws, regulations, policies and interpretations in the markets in which it operates.

The FCA periodically reviews certain market sectors to assess compliance against its statutory objectives: if it deems certain practices to be contrary to its objectives, it may introduce regulatory reforms.

Firms authorised under the Financial Services and Markets Act 2000 (the "FSMA") are subject to ongoing regulation and associated regulatory risks, including the effects of changes in the laws, regulations, policies, voluntary codes of practice and interpretations thereof in the UK. This is particularly the case in the current market environment, which is witnessing increased levels of government and regulatory intervention in the banking and building society sector, and which the Issuer expects to continue for the foreseeable future. The UK government, the PRA, the FCA and other regulators in the UK may intervene further in relation to areas of industry risk already identified, or in new areas, each of which could adversely affect the Issuer. As examples, the Issuer expects that a number of regulatory initiatives in relation to climate change, along with other environmental, social and governance matters generally, will be introduced or consulted upon by the FCA, PRA or other regulators in the UK. The effects that such regulation may have on the Issuer include, without limitation, the imposition of additional costs or the limitation or restriction on the manner in which the Issuer conducts elements of its business. A failure to identify and adapt its business to meet new rules or evolving expectations, or any perception that the Issuer is under-performing relative to its peers, could result in reputational damage and may have an adverse impact on the Issuer's financial performance and business operations. The Issuer continues to work closely with regulatory authorities and industry associations to ensure that it is able to identify and respond to proposed regulatory changes and mitigate the risks posed, although future changes are difficult to predict and could materially adversely affect the business of the Issuer. See also the updates in respect of the new Consumer Duty (as defined below) in the risk factor entitled "*Future legislative and regulatory changes could impose operational restrictions on the Issuer, require the Issuer to raise further capital, increase the Issuer's expenses and/or otherwise adversely affect its business, results, financial condition or prospects*".

The Issuer is exposed to various forms of regulatory risk in its operations, including the risk of mis-selling financial products, acting in breach of legal or regulatory principles or requirements, or other claims of alleged misconduct on the part of the Issuer, any of which could have a material adverse effect on its results or its relations with its customers. The Issuer may settle litigation or regulatory proceedings prior to a final judgment or determination of liability in order to avoid the cost, management efforts, negative business, and regulatory or reputational consequences of continuing to contest liability, even when the Issuer believes that it has no liability. The Issuer may also do so when the potential consequences of failing to prevail would be disproportionate to the costs of settlement.

2.2 Climate Change

The physical and transition risks of climate change are becoming ever more apparent and have the potential to pose a significant threat to the Issuer if the Issuer fails to implement a coordinated and timely response.

Climate change, and businesses' response to the emerging threats, are under increasing scrutiny by governments, regulators and the public alike. These include physical risks resulting from changing climate and weather patterns and extreme weather-related events, as well as transition risks resulting from the process of adjustment towards a lower carbon economy. Governments and regulators may introduce increasingly stringent rules and policies designed to achieve targeted outcomes, which could have an impact on the UK economy, increase compliance costs for the Issuer, drive asset impairments and result in regulatory fines or other action if the Issuer is unable to implement adequate reforms sufficiently quickly. How the Issuer assesses and responds to these developments and challenges could increase its costs of business, and a failure to identify and adapt its business to meet new rules or evolving expectations, or any perception that it is under-performing relative to its peers, could result in reputational damage and/or the risk of legal claims and may have an adverse impact on the Issuer's financial performance and business operations.

2.3 Reputational risk

Reputational risk is the risk to earnings, liquidity or capital arising from negative market or public opinion. The Issuer's ability to attract and retain customers and conduct business with its counterparties could be adversely affected to the extent that its reputation or the reputation of its brand is damaged.

Failure to address, or appearing to fail to address, various issues that could give rise to reputational risk could cause harm to the Issuer and the Issuer's business prospects. Reputational issues include, but are not limited to: appropriately addressing potential conflicts of interest; cyber security, legal and regulatory requirements; ethical issues; climate change and other sustainability or environmental, social and governance ("ESG") matters; adequacy of anti-money laundering processes; privacy issues; customer service issues; recordkeeping; sales and trading practices; proper identification of the legal, reputational, credit, liquidity and market risks inherent in products offered; and general company performance. A failure to address these issues appropriately could make customers, depositors and investors unwilling to do business with the Issuer, which could adversely affect the Issuer's business, financial condition and results of operations and could damage its relationships with its regulators and affect the Issuer's ability to make payments on the Notes. The Issuer cannot ensure that it will be successful in avoiding damage to its business from reputational risk.

2.4 Operational risk

Operational risk is the risk of financial loss or reputational damage arising from inadequate or failed internal processes, systems or human error. Failure by the Issuer to control its operational risks may result in material adverse effects to its business, financial condition and/or reputation.

Operational risk and losses can result from financial (including cyber) crime, weaknesses or failures in the design or use of a model, errors by employees, failure to document transactions properly or to obtain proper internal authorisation, failure to comply with regulatory requirements and conduct of business rules, IT systems

failures, change demand and delivery, pandemics, natural disasters, external geopolitical events (such as the war between Russia and Ukraine), the failure of external systems (for example, those of the Issuer's suppliers or counterparties) or the failure of third party suppliers which the Issuer is reliant upon. Failure to manage these risks effectively could adversely impact the Issuer's business and financial profile and its ability to make payments on the Notes.

Operational resilience has been a key focus area for the PRA, the Bank of England and the FCA in recent years. On 29 March 2021, the PRA published its Policy Statement PS 6/21: "Operational resilience: Impact tolerances for important business services". The Policy Statement sets out the PRA's policy interventions on operational resilience, effective from 31 March 2022. The regulators expect firms to identify their important business services that, if disrupted, could cause harm to consumers or market integrity, threaten the viability of firms or cause instability in the financial system. Impact tolerances should be set for each important business service and firms should take actions to be able to remain within their impact tolerances through a range of severe but plausible disruption scenarios. Firms are expected to identify and document the people, processes, technology, facilities and information that support their important business services. The policy requires boards and senior management to approve the important business services identified for the firms and the impact tolerances set. Boards are expected to ensure they have the appropriate management information, adequate knowledge, skills and experience to provide constructive challenge to senior management and informed decisions that have consequences for operational resilience.

The FCA also published its Policy Statement PS21/3 titled "Building operational resilience: Feedback to CP19/32 and final rules" on 29 March 2021. These rules and guidance were also effective from 31 March 2022, and require that:

- firms must by 31 March 2022 have identified their important business services, set impact tolerances for the maximum tolerable disruption and carried out mapping and testing to a level of sophistication necessary to do so. Firms must also have identified any vulnerabilities in their operational resilience; and
- as soon as possible after 31 March 2022, and no later than 31 March 2025, firms must have performed mapping and testing so that they are able to remain within impact tolerances for each important business service. Firms must also have made the necessary investments to enable them to operate consistently within their impact tolerances.

Although the Society has implemented all measures required to date by the PRA under each of Policy Statements PS6/21 and PS21/3, a failure to comply with these new operational resilience rules in the future (particularly following the 31 March 2025 deadline) may expose the Issuer to administrative sanctions and regulatory fines.

2.5 The Group is exposed to risk in relation to data protection

The Group holds, controls and processes a significant volume of personal data and could be adversely affected if any of this data were to be lost, compromised or not handled in accordance with the relevant data protection legislation. This could give rise to legal or regulatory penalties as well as commercial costs. Although the Group has robust data protection policies and procedures in place, any loss or compromise of personal data or other breach of data protection legislation could have a material adverse effect on the Group's business, results of operations and financial performance, which could adversely affect the Issuer's ability to make payments on the Notes.

Regulation (EU) 2016/679 as it forms part of domestic law by virtue of the EUWA (the "UK GDPR") imposes obligations on data controllers and data processors and new rights for data subjects which the Group needs to

comply with. The UK GDPR also introduces significantly increased financial penalties that can be imposed on the Group as the result of any non-compliance with the UK GDPR.

There is a risk that the measures introduced by the UK GDPR may not have been implemented correctly or that individuals within the Issuer will not be fully compliant with such measures. If there are breaches of these measures, the Issuer could face significant administrative and monetary sanctions as well as reputational damage which may have a material adverse effect on the Issuer's operations, financial condition and prospects.

2.6 Systemic risk could adversely affect the Issuer's business

Concerns about, or a default by, one institution could lead to liquidity problems or losses or defaults by other institutions because the commercial soundness of many financial institutions may be closely related as a result of credit, trading, clearing or other relationships between institutions. This risk is sometimes referred to as "systemic risk" and may adversely affect financial intermediaries, such as clearing agencies, clearing houses, banks, securities firms and exchanges with which the Issuer interacts on a daily basis and therefore could adversely affect the Issuer and its ability to meet its obligations, including those under the Notes.

2.7 Increasing competition may adversely affect the Issuer's income and business

Competition in the Issuer's business is based on name recognition, service, product and price. The Issuer competes with a large number of other financial services providers (including banks, building societies and insurance companies) and provides a range of financial services covering (but not limited to) mortgages, savings and financial advice. Other financial services competitors provide a different range of financial products, may have more competitive pricing in certain areas and may have greater financial resources with which to compete. Increasing competition may have a negative effect on the Issuer's results, if the Issuer is unable to match the products and services of its competitors, which may affect the ability of the Issuer to meet its obligations, including those under the Notes.

2.8 UK residential housing market risks may adversely impact the Issuer's business

The UK residential mortgage market performance is closely correlated to the UK economic cycle. As well as fluctuations at a national level, the UK residential mortgage market is subject to significant regional variations. The Issuer's retail mortgage lending is only secured against properties in the UK. The Issuer's natural concentration in the UK market, whilst currently well diversified, could then be exacerbated by over-exposure to one geographical location, or reliance on particular product types within its portfolio.

A downturn in the UK economy or period of 'stagflation' or inflation, either regionally or nationally, could reduce demand for housing or consequently reduce house price growth and sales, which could result in lower levels of lending, the Issuer's core activity. A fall in property prices resulting from a deterioration of the economy and increased unemployment could lead to increased numbers of borrowers defaulting on their mortgage loans and result in losses being incurred by the Issuer where the net recovery proceeds are insufficient to redeem the outstanding loans.

There can be no assurance that the housing market will not deteriorate (whether as a result of inflation or for any other reason) and the UK's economic environment may affect the rate at which the new mortgage loans are originated and may also affect the level of attrition of the Issuer's existing borrowers.

The Group has exposure to the buy-to-let market. Whilst this market has performed strongly in recent years, there can be no guarantee that this will continue. There have been various tax-related changes to United Kingdom legislation in recent years which may affect the ability of borrowers to repay their buy-to-let loans due to the increased tax costs associated with buy-to-let mortgages and there may be further changes in the future which further impact borrowers' ability to meet their obligations under such loans. For example, with effect from 6 April 2020, there is no longer a deduction available for finance costs against rental income for

individual landlords and instead an individual landlord is only entitled to relief for interest payable at the basic rate of income tax (20 per cent.) which may result in higher taxes for the individual landlords depending on their personal circumstances.

Further, a higher rate of stamp duty land tax ("SDLT"), Welsh land transactions tax ("WLTT") and Scottish land and buildings transaction tax ("LBTT") applies to the purchase of additional residential properties (such as buy-to-let properties) in England and Northern Ireland, Wales and Scotland, respectively. The current additional tax rates are as follows: (i) in England and Northern Ireland the higher rate is 3 per cent. above the current SDLT rates; (ii) in Wales the additional residential rate is 4 per cent. higher than the main WLTT rate for the first £180,000 of purchase price; for subsequent bands of purchase price, the additional rates remain higher than the main WLTT rates (by differing percentages) and the bands of purchase price to which the additional rates are applied are structured differently to the main WLTT bands; and (iii) in Scotland the additional dwelling supplement (or ADS) (akin to the higher rate in England and Wales) is 4 per cent. of the full chargeable consideration of the property above the current LBTT rates (for properties purchased prior to 16 December 2022) and is 6 per cent. of the full chargeable consideration of the property above the current LBTT rates (for properties purchased on or after 16 December 2022), in each case where the property is valued at £40,000 or more.

In addition, from 1 April 2021, a 2 per cent. SDLT surcharge applies to non-UK residents purchasing residential property in England and Northern Ireland. This applies in addition to the 3 per cent. additional rate that applies to the purchase of additional residential properties in England and Northern Ireland described above.

The introduction of these measures may adversely affect the private residential rental market in England, Scotland and Wales in general, or (in the case of the restriction of income tax relief) the ability of borrowers of buy to let loans to meet their obligations under those loans.

2.9 Financial Services Compensation Scheme

The FSMA established the Financial Services Compensation Scheme (the "FSCS"), which pays compensation to eligible customers of authorised financial services firms which are unable, or are likely to be unable, to pay claims against them. Claims on the FSCS are funded by levies on UK deposit-taking institutions. An institution's FSCS levy is linked to its share of the UK deposit market. However, in certain circumstances, regulated UK deposit taking institutions may be further required to fund, by way of a further increase in the FSCS levy, the capital repayment to HM Treasury of such loans. The FSCS levy may have a material impact on the profits of the Issuer. The attention of Noteholders is drawn to note 29 on page 180 to 181of the audited consolidated annual accounts of the Issuer and its subsidiaries for the year ended 31 December 2022 in this regard.

Rules published by the PRA on 1 April 2015, with the most recent revisions published on 1 February 2022, have resulted in a number of changes to the UK FSCS. These include a temporary high balance deposit protection, consisting of up to £1 million for up to six months for certain limited types of deposits, and changes to the manner and size of the FSCS' funding. The deposit compensation limit for each depositor (except in cases of temporary high balance deposit protection) is £85,000. It is possible that future FSCS levies on the Issuer may differ from those incurred previously, and such reforms could result in the Issuer incurring additional costs and liabilities, which may adversely affect its business, financial conditions and/or results of operations.

There can also be no assurance that there will be no actions taken under the Banking Act that may lead to further claims against the FSCS, and concomitant increased FSCS levies payable by the Issuer (and other regulated UK deposit takers). Any such increases in the Issuer's costs and liabilities related to the levy may have a material adverse effect on its results and operations. Further costs and risks to the Group may also arise in the event of any future changes to the design of financial services compensations schemes, such as increasing the scope and level of protection or moving to pre-funding of compensation schemes.

On 30 June 2023, the PRA published a Policy Statement PS7/23 on depositor protection. In particular, the PRA has amended depositor protection rules to confirm that that a trust can hold monies that fall within the scope of the temporary high balance regime and when a surviving joint account holder is entitled to temporary additional protection, among other things. The potential increase of maximum compensation payable to a surviving joint account holder could impact levies payable by the Issuer under the FSCS.

2.10 Legal Ranking of Notes

A substantial portion of claims against the Society in the event of its winding up or dissolution will rank ahead of claims in respect of the Senior Preferred Notes. Holders of Senior Preferred Notes and other unsubordinated creditors of the Issuer will, in an insolvency of the Issuer, rank junior to member share accounts and deposits which are given preferential status under law.

In addition to the priority status given to secured debt and certain employee and tax claims, the English insolvency regime applicable to the Society as at the date of this Base Prospectus provides for:

(i) a first-ranking preference to those deposits and share accounts (or a relevant part thereof) of natural persons and micro, small, medium and large sized enterprises (but excluding financial institutions), which are actually protected by the FSCS (i.e. are eligible for protection and do not exceed the FSCS coverage limit (being, as at the date of this Base Prospectus, £85,000); and

(ii) a second-ranking preference to deposits and share accounts (or a relevant part thereof) of natural persons and micro, small and medium sized enterprises (this definition being narrower than the definition of eligible deposit referred to in paragraph (i) above), which would be eligible for FSCS protection but for the fact that they either (a) exceed the £85,000 coverage limit of the FSCS or (b) were made through a non-UK branch of a credit institution authorised by the competent authority of the United Kingdom. Such deposits and share accounts (or the relevant part thereof) will rank after the preferential debts referred to in paragraph (i) above but in priority to the claims of ordinary unsecured creditors that are not afforded preferential status in the event of an insolvency.

In a winding up or dissolution of the Society, a substantial portion of the claims against it would be claims of its retail members, whose claims will rank ahead of claims in respect of the Senior Preferred Notes (which in turn will rank ahead of claims in respect of Senior Non-Preferred Notes and Subordinated Notes).

Relative ranking of Notes issued under the Programme

On a winding up or dissolution of the Society, claims in respect of Senior Preferred Notes issued under the Programme will rank ahead of claims in respect of Senior Non-Preferred Notes (notwithstanding that Senior Preferred Notes and Senior Non-Preferred Notes both share the 'senior' designation under the Programme, investors should note that the latter ranks behind the former), which in turn will rank ahead of claims in respect of Subordinated Notes.

Therefore, in a winding up or dissolution of the Society, the assets of the Society available for distribution would be expected to thebe distributed:

As a result, in the event of insolvency or winding up of the Issuer, the assets of the Issuer available for distribution would be expected to be distributed:

(i) firstly in satisfaction of all claims which are preferred by law to claims in respect of Senior Preferred Notes;

(ii) secondly, only if and to the extent any assets remain after the distributions above, in satisfaction of all claims in respect of Senior Preferred Notes and any other ordinary non-preferential debts (as that term is defined in Section 387A of the Insolvency Act 1986, as amended or superseded from time to time

(including by the Hierarchy Order) (the "Insolvency Act")) on a pro rata basis (including interest accruing on such claims for the period commencing after the winding up of the Society);

(iii) thirdly, only if and to the extent any assets remain after the distributions above, in satisfaction of all claims in respect of Senior Non-Preferred Notes and any other non-preferential debts (as that term is defined in Section 387A of the Insolvency Act) on a pro rata basis (including interest accruing on such claims for the period commencing after the winding up of the Society); and

(iv) fourthly, only if and to the extent any assets remain after the distributions above (and, if applicable, after distributions in respect of subordinated liabilities of the Society which rank ahead of Subordinated Notes, if any), in satisfaction of all claims in respect of Subordinated Notes and any other tertiary non-preferential debts (as that term is defined in Section 387A of the Insolvency Act) which rank pari passu with Subordinated Notes, on a pro rata basis (including interest accruing on such claims for the period commencing after the winding up of the Society).

Accordingly, the Issuer may not have enough assets remaining after paying higher-priority creditors to pay amounts due under the relevant Notes, and in such circumstances, Noteholders could lose some or the entire amount of their investment in the Notes.

2.11 Future legislative and regulatory changes could impose operational restrictions on the Issuer, require the Issuer to raise further capital, increase the Issuer's expenses and/or otherwise adversely affect its business, results, financial condition or prospects

The Issuer is regulated by the PRA and the FCA (the "UK Regulators"). The regulatory regime requires the Issuer to be compliant across many aspects of activity, including (but not limited to) the training, authorisation and supervision of personnel, systems, processes and documentation. If the Issuer fails to be compliant with any relevant regulations, there is a risk of an adverse impact on its business due to sanctions, fines or other action imposed by the regulatory authorities. This is particularly the case in the current market environment, which is witnessing increased levels of government and regulatory intervention in the banking, personal finance and real estate sectors. Future changes in regulation, accounting, fiscal or other policies are unpredictable and beyond the Issuer's control and could materially adversely affect its business or operations.

On 9 December 2022, HM Treasury announced a package of over 30 measures to reform UK financial services regulation. Collectively known as the "Edinburgh Reforms", these are intended to deliver the next chapter of the HM Treasury's vision for UK financial services and are divided into four categories: a competitive marketplace promoting effective use of capital; sustainable finance; technology and innovation; and consumers and business. HM Treasury explained that it will deliver the reforms through two tranches.

As part of the Edinburgh Reforms, the government is also seeking to foster competition through reforms to the Building Societies Act 1986, which is set out in its December 2022 response to the Call for Evidence ("**Building Societies Reforms**"). The Building Societies Reforms include proposed changes to how the calculation of the funding limit under the Building Societies Act 1986 is performed, by excluding the following sources of funding: (i) funding from specific Bank of England Liquidity Insurance Facilities under the Sterling Monetary Framework; (ii) funding from senior non-preferred debt instruments raised to meet MREL (i.e. a building society's minimum requirement for own funds and eligible liabilities); (iii) funding from repurchase agreements of level 1 high-quality liquid assets where funding essentially counts twice for the purpose of the funding limit; and (iv) deposits from small to medium-sized enterprises with a turnover of up to £6.5 million (up to 10% of a building society's overall funding).

Following a consultation on the optimal structure for UK financial services post-Brexit, the Financial Services and Markets Act 2023 ("FSMA 2023") received Royal Assent on 29 June 2023, with some provisions having come into effect on 29 August 2023 and others coming into force pursuant to subsequent regulations made by

HM Treasury. FSMA 2023 establishes a framework to revoke EU law relating to financial services, and enables HM Treasury, the FCA and PRA to replace it with legislation and a regulatory rule set to deliver a comprehensive FSMA model of regulation. FSMA 2023 intends to move away from the onshored EU legislation towards the approach taken under the FSMA, whereby primary responsibility for regulation is delegated to the UK regulatory authorities, subject to the oversight of Parliament.

On 10 July 2023, the Chancellor of the Exchequer's Mansion House Speech included a package of reforms ("**Mansion House Reforms**"), which built on the Edinburgh Reforms and FSMA 2023. The Mansion House Reforms aim to deliver a smarter regulatory framework, and elaborate on how the government intends to deliver the first two tranches. The Mansion House Reforms confirm that before the end of 2023, among other things, work will continue on Basel 3.1 implementation and the "strong and simple" framework for small banks and building societies. As part of the Mansion House Reforms, in July 2023, HM Treasury published its 'Plan for Delivery' setting out how the government intends to deliver on its December 2022 Policy Statement 'Building a Smarter Financial Services Framework for the UK'. On 21 November 2023, the Chancellor announced a £320 million plan to help to deliver the Mansion House Reforms. FSMA 2023, the Building Societies Reforms and the wider UK regulatory reforms, will impact the future regulatory environment for the Group, particularly regarding the regulators' consideration of competition. Such changes could have an impact on the business of the Group and in turn affect the Issuer's ability to fulfil its obligations under the Notes.

The FCA, and other bodies such as the Financial Ombudsman Service, could impose further regulations or obligations in relation to current and past dealing with retail customers. As a result, the Issuer may incur costs in complying with these regulations or obligations relating to its business, including potential compensation and costs.

With regards to regulatory developments in respect of the protection of retail customers, in July 2022, the FCA published the new consumer duty (the "**Consumer Duty**") rules in Policy Statement 22/9, which sets higher and clearer standards of consumer protection across financial services and requires firms to put their customers' needs first.

The Consumer Duty comprises:

- a new Principle for Businesses and a new individual conduct rule to "deliver good outcomes for retail customers";
- three cross-cutting rules to (i) act in good faith towards retail customers, (ii) avoid foreseeable harm to retail customers, and (iii) enable and support those customers to pursue their financial objectives; and
- four outcomes for the key elements of the firm-customer relationship, namely (i) quality of products and services, (ii) price and value, (iii) consumer support and (iv) consumer understanding.

Consumer Duty rules for all new and existing products and services that are currently on sale came into force from 31 July 2023. The rules apply to closed book products (i.e. those which are no longer on sale) from 31 July 2024.

The Consumer Duty also includes requirements for firms to end unfair charges and fees, make it easy to switch or cancel without unreasonable barriers or delays, provide helpful and accessible customer support, act quickly to respond to customer queries, provide timely, clear and easily understandable information to customers regarding products and services, provide products and services that are appropriate for their customers, and focus on the real and diverse needs of their customers, including those in vulnerable circumstances, at every stage and in each interaction. Firms also need to monitor, evidence and report against many of the requirements. There may be added costs associated with making necessary changes in order to ensure that the Issuer is

compliant with these new rules. If the Issuer fails to comply with these new rules, there is a risk of an adverse impact on the Issuer's business due to penalties imposed by the FCA, costs and payments associated with any investigations and/or required remediation and potential reputational damage. The FCA's business plan for 2023/24 includes amongst its priorities, sector-specific supervisory work relating to the implementation of the Consumer Duty.

On 3 February 2023, the FCA published a "Dear CEO" letter entitled "Implementing the Consumer Duty in the Retail Banks and Building Societies sector" in which the FCA emphasised the need for retail banks and building societies to provide fair value to retail customers, how the Consumer Duty applies to building societies, and the FCA's expectations for how building societies should embed the Consumer Duty. The letter also underlined the importance of this regulatory initiative: "The Consumer Duty is a cornerstone of our three-year strategy, and a key element of our work to set and test higher standards between now and 2025. It is being prioritised at every level of the FCA, from the Board down, and it will drive our supervision strategies and prioritisation." On 3 February 2023, the FCA also published a Dear CEO letter entitled "Implementing the Consumer Duty in Mainstream Consumer Credit Lenders (MCCL)" in which the FCA emphasised the need for providers of mainstream consumer credit to implement the Consumer Duty effectively within the required timeframe.

The imposition of sanctions, fines or other action on the Issuer or the incurrence of costs by the Issuer may affect the Issuer's ability to meet its obligations to Noteholders in respect of the Notes.

Future changes in regulation, fiscal or other policies are unpredictable and beyond the Issuer's control and could materially adversely affect its business or operations.

As at the date of this Base Prospectus, it is impossible to predict the effect that any of the recent or proposed changes will have on the Issuer's operations, business and prospects or how any such proposals will be implemented in light of the fundamental changes to the regulatory environment proposed by the government and/or the UK Regulators. Depending on the specific nature of the requirements and how they are enforced, such changes could have a significant impact on the Issuer's operations, structure, costs and/or capital requirements.

Accordingly, the Issuer cannot assure investors that the implementation of any of the foregoing matters or any other regulatory or legislative changes that may be proposed will not have a material adverse effect on its operations, business, results, financial condition or prospects.

2.12 Risks relating to the UK Banking Act 2009

Under the Banking Act, substantial powers have been granted to HM Treasury, the Bank of England (acting as the PRA through its Prudential Regulation Committee) and the FCA (together, the "**Authorities**") as part of the Special Resolution Regime (the "**SRR**"). These powers enable the Authorities to deal with, amongst other entities, a UK bank or building society (each a "**relevant entity**") in circumstances where the Authorities consider that the resolution conditions are satisfied, through a series of "stabilisation options".

The stabilisation options which may be commenced by the Authorities are: (i) private sector transfer of all or part of the business of the relevant entity; (ii) transfer of all or part of the business of the relevant entity to a "bridge bank" established by the Bank of England; (iii) transfer to an asset management vehicle; (iv) temporary public ownership (nationalisation) of the relevant entity; and (v) a bail-in tool which permits the Bank of England to (a) convert a building society into a company, (b) cancel, modify or convert the form of a liability owed by a relevant entity or provide that a contract under which, amongst others, a relevant entity has a liability is to have effect as if a specified right had been exercised under it, or (c) transfer securities issued by a relevant entity to a bail-in administrator.

In each case, the Authorities have wide powers under the Banking Act including powers to modify contractual arrangements in certain circumstances and powers for HM Treasury to disapply or modify laws (with possible

retrospective effect) to enable the powers under the Banking Act to be used effectively. If an instrument or order were to be made under the Banking Act in respect of the Issuer or any securities issued by it (including Notes issued under the Programme), such instrument or order may (amongst other things) (i) result in a transfer of obligations under the Notes to another issuer via the mechanisms described above, (ii) affect the Issuer's ability to satisfy its obligations under the Notes and/or (iii) result in modifications to the terms of the Notes, which may have certain tax implications, and/or result in the write-down, write-off or conversion to common equity tier 1 instruments of the Notes. In addition, the Banking Act contains particular powers for provision to be included in an instrument or order that such instrument or order (and possibly certain related events) be disregarded in determining whether certain widely defined "default event" provisions have occurred (which default events could include certain events of default under any Notes) and provides for the disapplication or modification of laws (with possible retrospective effect) and/or fiscal consequences in connection with the exercise of powers under the Banking Act.

Secondary legislation which makes provision for stabilisation tools to be used in respect of any "banking group company" came into force on 1 August 2014. The definition of "banking group company" encompasses certain of the Issuer's subsidiaries and affiliates. The amendments to the Banking Act allow all of the current stabilisation options under the SRR and the bail-in stabilisation power to be applied to any of the Issuer's group companies that meet the definition of a "banking group company".

There can be no assurance that further amendments may not be made to the Banking Act or other legislation introduced in the UK which would have the effect of amending the SRR described above, and as a result, the position of Noteholders. In addition, there can be no assurance that no other legislation will be introduced which might have an adverse effect on the position of Noteholders.

In addition, the Banking Act contains a separate power, often referred to as the "write-down and conversion tool", enabling the Authorities – independently of, or in conjunction with, the use of resolution powers – to cancel or transfer Common Equity Tier 1 instruments away from the original owners, or write down (including to nil) an institution's Additional Tier 1 and Tier 2 capital instruments, or to convert them into Common Equity Tier 1 instruments (which, in the case of the Issuer, could be core capital deferred shares), if the Authorities consider that the institution or the group is at the "point of non-viability" and certain other conditions are met. The write-down and conversion tool must be applied before any of the stabilisation options provided for in the SRR may be used and may be used whether or not the institution subsequently enters into resolution. Additionally, in respect of building societies, the resolution authority may write-down or convert instruments issued by the building society itself or a successor entity formed through exercise of Stabilisation Options. Subordinated Notes issued under the Programme may be Tier 2 capital instruments, and any such Subordinated Notes could be subject to the write-down and conversion tool. "Additional Tier 1", "Common Equity Tier 1" and "Tier 2" have the meanings given to them (or any successor terms) in the Capital Adequacy Regulations (as defined in the Terms and Conditions of the Notes).

The Banking Act also provides for the UK as a last resort, after having assessed and used the above resolution tools to the maximum extent practicable whilst maintaining financial stability, and where certain other mandatory conditions of the Banking Act have been satisfied, to be able to provide extraordinary public financial support through additional financial stabilisation tools. These consist of the public equity support and temporary public ownership tools. There can be no assurance that investors in any Notes will benefit from such support even if it were provided.

Accordingly, the use of any stabilisation powers in respect of the Issuer and/or may have an adverse effect on the Issuer's ability to perform its obligations in respect of Notes, and the use (or perceived risk of use) of any stabilisation powers and/or (in the case of Subordinated Notes) the write down and conversion tool in respect of Notes themselves may impact the market price of the Notes and/or may adversely affect the rights of

Noteholders in respect of their Notes (including that the Notes may be written down (including to nil) and/or converted into common equity tier 1 instruments). These risks are discussed further in the following paragraphs.

The Authorities have been granted wide powers under the Banking Act and the following paragraphs set out some of the possible consequences of the exercise of those powers under the SRR.

(a) ***The SRR may be triggered prior to insolvency of the Issuer***

The purpose of the stabilisation options is to address the situation where all or part of a business of a relevant entity has encountered, or is likely to encounter, financial difficulties, giving rise to wider public interest concerns. Accordingly, the stabilisation options may be exercised if (i) the relevant Authority is satisfied that a relevant entity (such as the Issuer) is failing or is likely to fail, (ii) having regard to timing and other relevant circumstances, the relevant Authority determines that it is not reasonably likely that (ignoring the stabilisation options) action will be taken that will enable the relevant entity to satisfy those conditions, and (iii) the relevant Authority considers the exercise of the stabilisation options to be necessary, having regard to certain public interest considerations (such as the stability of the UK financial system, public confidence in the UK banking system and the protection of depositors) and (iv) the relevant Authority considers that the specific resolution objectives would not be met to the same extent by the winding up of the relevant entity.

It is therefore possible that one or more of the stabilisation options could be exercised prior to the point at which any insolvency proceedings with respect to the relevant entity could be initiated.

The European Banking Authority (the "**EBA**") has published translations of its May 2015 guidelines on the circumstances in which a relevant entity shall be deemed by supervisors and resolution authorities as "failing or likely to fail" within the meaning of the BRRD. These have applied since 1 January 2016. While the EBA guidelines are not binding on the Authorities when considering their powers under the Banking Act, the Authorities may continue to have regard to them as part of their deliberations, even after the UK's departure from the EU. The guidelines set out the objective criteria which should apply when supervisors and Authorities make such a determination.

Additionally, HM Treasury has issued a Code of Practice (which was last updated in December 2020) on the special resolution regime, in accordance with sections 5 and 6 of the Banking Act, which supports the legal framework of the SRR, and provides guidance as to how and in what circumstances the Authorities will use the special resolution tools.

Although the Banking Act provides for conditions to the exercise of any resolution powers and the EBA guidelines (which are not binding on the Authorities) and the HM Treasury Code of Practice set out the objective elements for determining whether a relevant entity is failing or likely to fail, it is uncertain how the Authorities would assess such conditions in any particular situation. The relevant Authorities are also not required to provide any advance notice to Noteholders of their decision to exercise any resolution power. Therefore, Noteholders may not be able to anticipate a potential exercise of any such powers nor the potential effect of any exercise of such powers on the Issuer or the Notes.

(b) ***Various actions may be taken under the SRR in relation to any securities issued by the Issuer (including the Notes) without the consent of the holders thereof***

If the Issuer were made subject to the SRR, HM Treasury or the Bank of England may exercise extensive share transfer powers (applying to a wide range of securities) and property transfer powers (including powers for partial transfers of property, rights and liabilities) in respect of the Issuer and/or its securities (subject to certain protections).

Exercise of these powers could involve taking various actions in relation to any securities issued by the Issuer (including the Notes) without the consent of the holders thereof, including (among other things):

(a) transferring the Notes out of the hands of the Noteholders;

(b) delisting the Notes;

(c) writing down (which may be to nil) the Notes or converting the Notes into another form or class of securities; and/or

(d) modifying or disapplying certain terms of the Notes, which could include modifications to (without limitation) the maturity date (which may be to extend the maturity date), the interest provisions (including reducing the amount of interest payable, the manner in which interest is calculated and/or the scheduled interest payment dates, including by suspending payment for a temporary period), and/or the redemption provisions (including the timing of any redemption options and/or the amount payable upon redemption) and may result in the disapplication of acceleration rights or events of default under the terms of the Notes the effect thereof.

The relevant Authorities may exercise the bail-in tool under the Banking Act to recapitalise a relevant entity in resolution by allocating losses to (amongst others) its capital providers and unsecured creditors (which would include Noteholders) in a manner that (i) ought to respect the hierarchy of claims in an ordinary insolvency and (ii) is consistent with shareholders and creditors not receiving a less favourable treatment than they would have received in ordinary insolvency proceedings of the relevant entity (known as the "no creditor worse off" safeguard, although this may not apply in relation to an application of the write-down and conversion power in circumstances where a stabilisation power is not also used; holders of debt instruments which are subject to the power may, however, have ordinary shares transferred to or issued to them by way of compensation in certain circumstances). Accordingly, the ranking of Notes in insolvency can be expected to have a direct impact on the relative losses imposed on Noteholders in a resolution. For further information with respect to the ranking of Notes, see "The Notes rank junior to most of the Issuer's liabilities".

The bail-in tool includes the power to cancel a liability or modify the terms of contracts for the purposes of reducing or deferring the liabilities of the relevant entity under resolution and the power to convert a liability from one form or class to another.

There is also the power to convert a building society into a company in connection with a bail-in. The exercise of such powers may result in the cancellation of all, or a portion, of the principal amount of, interest on, or any other amounts payable on, the Notes and/or the conversion of all or a portion of the principal amount of, interest on, or any other amounts payable on, the Notes into equity securities (which, in the case of the Issuer, could be core capital deferred shares) or other securities or other obligations of the Issuer or another person, including by means of a variation to the terms of the Notes.

The taking of any such actions could materially adversely affect the rights of Noteholders, the price or value of their investment in the Notes, the liquidity and/or volatility of any market in the Notes and/or the ability of the Issuer to satisfy its obligations under the Notes. In such circumstances, Noteholders may have a claim for compensation under one of the compensation schemes existing under, or contemplated by, the Banking Act. However, such compensation will be limited to the return the Noteholder might otherwise have received on an insolvency of the Issuer (less the value already received through resolution), and there can be no assurance that Noteholders will have such a claim or if they do, that they would thereby recover compensation promptly or equal to any loss actually incurred.

In addition, if the market perceives or anticipates that any action may be taken under the Banking Act in respect of the Issuer or any of its securities (including any Notes issued under the Programme), this may have a significant adverse effect on the market price of the Notes and/or the liquidity and/or volatility of any market in the Notes, whether or not such powers are ultimately exercised. In such case, investors may experience difficulty in selling their Notes, or may only be able to sell their Notes at a loss.

(c) ***Contractual arrangements between the Issuer, its group companies and/or the bridge bank or private sector purchaser may be created, modified or cancelled***

If the Issuer were made subject to the SRR and a partial transfer of the Issuer's business to another entity were effected, the transfer may directly affect the Issuer and/or its group companies by creating, modifying or cancelling their contractual arrangements with a view to ensuring the provision of such services and facilities as are required to enable the bridge bank or private sector purchaser to operate the transferred business (or any part of it) effectively. For example, the transfer may (among other things) (i) require group companies to support and co-operate with the bridge bank or private sector purchaser; (ii) cancel or modify contracts or arrangements between the Issuer or the transferred business and a group company; or (iii) impose additional obligations on the Issuer under new or existing contracts. As at the date of this Base Prospectus, the Authorities have not made an instrument or order under the Banking Act in respect of the Issuer and there has been no indication that they will make any such instrument or order. There can be no assurance that the taking of any such actions would not adversely affect the ability of the Issuer to satisfy its obligations under the Trust Deed, the Agency Agreement, the Dealer Agreement and the Notes.

(d) ***Mandatory write-down and conversion of capital instruments and relevant internal liabilities may affect the Notes, including outside formal resolution proceedings***

As noted above, in addition to the stabilisation options which may be used in a resolution of an institution, the Banking Act contains a write-down and conversion tool which enables (and, if the institution enters into resolution, requires) the relevant Authorities permanently to write-down, or convert into Common Equity Tier 1 instruments (which, in the case of the Issuer, could be core capital deferred shares), any Tier 1 capital instruments and Tier 2 capital instruments (including Subordinated Notes issued under the Programme) at the point of non-viability of the relevant entity independently of (or in conjunction with) the exercise of any stabilisation power. This power has also been extended to relevant internal eligible liabilities (i.e. relevant intra-group liabilities between the Issuer and its subsidiaries which reflect a down-streaming of capital or MREL requirements within the group).

For the purposes of the application of such mandatory write-down and conversion power, the point of non-viability is the point at which (i) the relevant Authority determines that the relevant entity meets the conditions for resolution (but no resolution action has yet been taken), (ii) the relevant Authority determines that the relevant entity or its group will no longer be viable unless the relevant capital instruments and relevant internal liabilities are written-down or converted or (iii) extraordinary public financial support is required by the relevant entity other than, where the entity is an institution, for the purposes of remedying a serious disturbance in the UK economy and to preserve financial stability.

Subordinated Notes issued under the Programme may therefore be subject to write-down or conversion into common equity tier 1 instruments on application of such powers (without requiring the consent of the holders thereof) independently of whether the Issuer is in, or subsequently enters into, resolution. This may result in the holders losing some or all of their investment even if the Issuer is not put into resolution. The "no creditor worse off" safeguard would not apply in relation to an application of such powers in circumstances where resolution powers are not also exercised. In addition, if any relevant internal liabilities were to be written down, written off or converted to common equity tier 1 instruments, this may affect the Issuer's ability to meet its obligations with respect to any Notes issued under the Programme.

The exercise of such mandatory write-down and conversion power under the Banking Act could, therefore, materially adversely affect the rights of holders of Subordinated Notes and/or the Issuer's ability to meet its obligations under any Notes, and such exercise (or the perception that such exercise may occur) could materially adversely affect the price or value of any Notes, and/or may adversely affect liquidity and/or volatility in any market for any Notes.

(e) ***A partial transfer of the Issuer's business may result in a concentration of risk***

If the Issuer were made subject to the SRR and a partial transfer of the Issuer's business to another entity were effected, the quality of the assets and the quantum of the liabilities not transferred and remaining with the Issuer (which may include the Notes) may result in a deterioration in the creditworthiness of the Issuer and, as a result, increase the risk that the Issuer may be unable to meet its obligations in respect of the Notes and/or eventually become subject to administration or insolvency proceedings pursuant to the Banking Act.

In such circumstances, under the terms of which the liabilities under the Notes were not transferred, Noteholders may have a claim for compensation under one of the compensation schemes currently existing under, or contemplated by, the Banking Act (including pursuant to the Banking Act 2009 (Third Party Compensation Arrangements for Partial Property Transfers) Regulations 2009).

However, such compensation will be limited to the return the Noteholder might otherwise have received on an insolvency of the Issuer (less the value already received through resolution) and there can be no assurance that Noteholders will have such a claim or, if they do, that they would thereby recover compensation promptly or equal to any loss actually incurred.

At present, the UK authorities have not exercised any of the stabilisation options under the Banking Act in respect of the Issuer and there has been no indication that they will do so, but there can be no assurance that this will not change and/or that Noteholders will not be adversely affected by any such stabilisation option, if exercised.

In accordance with PRA requirements, the Issuer reviews its recovery plan annually and ensures that its recovery plan and resolution pack are up to date. Material developments in the Issuer's business and in the business of any member of the Group are reflected in the recovery plan and resolution pack and the PRA is notified of any material changes made to the recovery plan and resolution pack promptly.

C. RISKS RELATED TO A STRUCTURE OF A PARTICULAR ISSUE OF NOTES

A range of Notes may be issued under the Programme. A number of these Notes may have features which contain particular risks for potential investors. Set out below is a description of the most common such features:

3 **3.1** ***The Notes rank junior to most of the Issuer's liabilities***

Ranking of Notes issued under the Programme in accordance with the Insolvency Act

The Banks and Building Societies (Priorities on Insolvency) Order 2018 (the "Order") came into effect on 19 December 2018. Under the Insolvency Act (as amended by the Order), the debts of a relevant institution (which would include the Issuer) which are 'non-preferential' debts (i.e. those debts which are not presently given priority over ordinary unsecured claims under UK insolvency law) will no longer be treated as a single pari passu class, and instead will be split into three distinct tiers:

1. 'ordinary non-preferential debts';
2. 'secondary non-preferential debts'; and
3. 'tertiary non-preferential debts' (which would include liabilities in respect of Additional Tier 1 and Tier 2 own funds instruments and other subordinated liabilities).

The Insolvency Act (as amended by the Order) provides that, in an insolvency of a relevant institution, ordinary non-preferential debts will be paid in priority to secondary non-preferential debts, which in turn will be paid in priority to tertiary non-preferential debts.

As further set out at Condition 3 (Status of the Notes), subject to the Ranking Legislation:

(i) claims in respect of Senior Preferred Notes issued under the Programme and any Coupons relating to them will constitute part of the class of 'ordinary non-preferential debts' (or such other designation as may be attributed to the equivalent class of debts) under the Order;

(ii) claims in respect of Senior Non-Preferred Notes issued under the Programme and any Coupons relating to them will constitute part of the class of 'secondary non-preferential debts' (or such other designation as may be attributed to the equivalent class of debts) under the Order; and

(iii) claims in respect of Subordinated Notes issued under the Programme and any Coupons related to them will constitute part of the class of 'tertiary non-preferential debts' (or such other designation as may be attributed to the equivalent class of debts) under the Order.

The Notes rank behind all liabilities which are preferred by law

The claims in respect of all Notes issued under the Programme (including Senior Preferred Notes) will, in the event of a winding up or dissolution of the Society, rank junior to all claims which are given preference by mandatory provisions of law. As further described under "Legal Ranking of Notes" above, as at the date of this Base Prospectus, in addition to the priority status given to secured debt and certain employee and tax claims, the law provides for preferential rankings for (amongst other liabilities, including secured liabilities) deposits and share accounts (other than in respect of deferred shares) of all natural persons and micro, small and medium enterprises. Accordingly, all Notes issued under the Programme rank junior to most of the Issuer's liabilities.

Relative ranking of Notes issued under the Programme

In addition, whilst the Senior Non-Preferred Notes and Senior Preferred Notes both share the 'senior' designation under the Programme, the Senior Non-Preferred Notes rank junior to the Senior Preferred Notes and the Issuer's other ordinary unsecured and unsubordinated liabilities. The Subordinated Notes rank junior to the Senior Non-Preferred Notes, and the Issuer may also issue other subordinated securities in the future which rank junior to the Senior Non-Preferred Notes and in priority to the Subordinated Notes.

Accordingly, prospective investors in Notes issued under the Programme should note that, in the event of the Issuer's insolvency, winding up or dissolution, investors in the Senior Non-Preferred Notes would generally be expected to lose their entire investment before losses are imposed on holders of the Senior Preferred Notes. In turn, investors in the Subordinated Notes would generally be expected to lose their entire investment before losses are imposed on holders of the Senior Non-Preferred Notes (and any other obligations of the Issuer which rank in priority to the Subordinated Notes).

Further, investors in the Subordinated Notes and Senior Non-Preferred Notes will not be entitled to exercise any rights of set-off (including, without limitation, compensation or retention), counterclaim or netting against the Issuer in respect of such Notes.

Therefore, in a winding up or dissolution of the Issuer, the assets of the Issuer available for distribution would be expected to be distributed:

1. firstly, in satisfaction of all claims which are preferred by law to claims in respect of Senior Preferred Notes;

2. secondly, only if and to the extent any assets remain after the distributions above, in satisfaction of all claims in respect of Senior Preferred Notes and any other ordinary non-preferential debts of the Issuer, on a pro rata basis (including interest accruing on such claims for the period commencing after the winding up of the Issuer);

3. thirdly, only if and to the extent any assets remain after the distributions above, in satisfaction of all claims in respect of Senior Non-Preferred Notes and any other secondary non-preferential debts of the Issuer, on

a pro rata basis (including interest accruing on such claims for the period commencing after the winding up of the Issuer); and

4. fourthly, only if and to the extent any assets remain after the distributions above (and, if applicable, after distributions in respect of subordinated liabilities of the Issuer which rank ahead of Subordinated Notes, if any), in satisfaction of all claims in respect of Subordinated Notes and any other tertiary non-preferential debts which rank pari passu with Subordinated Notes, on a pro rata basis (including interest accruing on such claims for the period commencing after the winding up of the Issuer).

Accordingly, the Issuer may not have enough assets remaining after paying higher-priority creditors to pay amounts due under the relevant Notes. Therefore, on a winding up or dissolution of the Issuer, if the assets of the Issuer are insufficient to enable the Issuer to repay the claims of more senior-ranking creditors in full, the holders of the Notes will lose their entire investment in such Notes. If there are sufficient assets to enable the Issuer to pay the claims of senior-ranking creditors in full but insufficient assets to enable it to pay claims in respect of its obligations under any Notes and other claims that rank pari passu with such Notes, holders of such Notes will lose some (which may be substantially all) of their investment in such Notes.

Relevance of ranking to recovery and resolution under the Banking Act

The ranking of Notes in a winding up or dissolution of the Issuer can also be expected to have a direct impact on the relative losses imposed on Noteholders in a resolution of the Issuer or upon use of the write-down and conversion powers under the Banking Act, as such resolution and write-down and conversion powers ought to be used in a manner that respects the hierarchy of claims in an ordinary insolvency.

In addition, the Senior Non-Preferred Notes and Subordinated Notes are intended to contribute towards the Issuer's 'eligible liabilities' for the purposes of its MREL requirement, meaning that they are specifically intended to be available to resolution authorities for write-down, write-off or conversion to equity under the Banking Act in order to absorb losses and recapitalise the Issuer if it is failing, and before more senior-ranking creditors suffer losses. Accordingly, investors in Senior Non-Preferred Notes and Subordinated Notes may lose all or substantially all of their investment whilst investors in Senior Preferred Notes suffer lower (or no) losses (although there can be no assurance that investors in Senior Preferred Notes will not also suffer substantial losses). The market value of the Subordinated Notes and Senior Non-Preferred Notes may therefore be more severely adversely affected and/or more volatile if the Issuer's financial condition deteriorates than the market value of the Senior Preferred Notes (although the market value of the Senior Preferred Notes could still also be severely adversely affected and/or volatile in such circumstances). Accordingly, while all holders of Notes under the Programme will bear risk, holders of Senior Non-Preferred Notes may bear significantly greater risk than holders of Senior Preferred Notes (notwithstanding that both share the 'senior' designation under the Programme), and holders of Subordinated Notes may bear significantly greater risk than holders of Senior Non-Preferred Notes.

In the event of an insolvency, winding up, dissolution or resolution of the Issuer, or if the write down and conversion tool is used in respect of the Issuer or its securities, there is a real risk that investors in Senior Preferred Notes, Senior Non-Preferred Notes and/or Subordinated Notes would lose some or the entire amount of their investment. Furthermore, the market price of Senior Preferred Notes, Senior Non-Preferred Notes and Subordinated Notes can be expected to be materially adversely affected, and/or may be subject to increased volatility, if the Issuer's financial condition deteriorates such that the market anticipates the insolvency, winding up, dissolution or resolution of the Issuer or use of the write down and conversion tool in respect of the Issuer or any of its securities.

3.2 The Notes are not protected liabilities under the Financial Services Compensation Scheme

The Notes are not protected liabilities under the FSCS and are obligations solely of the Issuer. Accordingly, if the Issuer is unable to make payment in full of all amounts due under Notes issued under the Programme, Noteholders and Couponholders will not have any recourse to the FSCS, or otherwise have recourse to any governmental agency or any other person, for payment of any amounts which the Issuer is unable to pay.

3.3 Noteholders agree to be bound by the exercise of any UK Bail-in Power by the Resolution Authority

In recognition of the resolution powers granted by law to the Resolution Authority (as defined in the Terms and Conditions of the Notes), by acquiring the Notes of any Series or any Coupon, or any interest therein, each Noteholder and Couponholder (or beneficial owner of any Note or Coupon) will acknowledge and accept that the Amounts Due (as defined in the Terms and Conditions of the Notes) arising under the Notes and Coupons may be subject to the exercise of the UK Bail-in Power (as defined in the Terms and Conditions of the Notes) and will acknowledge, accept, consent and agree to be bound by the effect of the exercise of any UK Bail-in Power by the Resolution Authority, that may result in (i) the reduction of all, or a portion, of the Amounts Due; (ii) the conversion of all, or a portion, of the Amounts Due on the Notes into shares, deferred shares (including core capital deferred shares) or other securities or other obligations of the Issuer or another person (and the issue to or conferral on the Noteholder or Couponholder of such shares, deferred shares or other securities or obligations), including by means of an amendment, modification or variation of the terms of the Notes or Coupons; (iii) the cancellation of the Notes or Coupons; (iv) the amendment or alteration of the maturity of the Notes or amendment of the amount of interest payable on the Notes, or the dates on which interest becomes payable, including by suspending payment for a temporary period. Each Noteholder and Couponholder (or beneficial owner of any Note or Coupon) will further acknowledge, accept, consent and agree to be bound by the variation of the terms of the Notes, Trust Deed and Coupons, if necessary, to give effect to the exercise of the UK Bail-in Power by the Resolution Authority.

Accordingly, the UK Bail-in Power may be exercised in such a manner as to result in Noteholders and the Couponholders losing all or a part of the value of their investment in the Notes and Coupons, having payment on the Notes and Coupons suspended for a period of time or receiving a different security from the Notes or Coupons, which may be worth significantly less than the Notes and Coupons and which may have significantly fewer protections than those typically afforded to debt securities. Moreover, the Resolution Authority may exercise the UK Bail-in Power without providing any advance notice to, or requiring the consent of, the Noteholders or Couponholders. In addition, under the Terms and Conditions of the Notes, the exercise of the UK Bail-in Power by the Resolution Authority with respect to the Notes and the Coupons is not an event of default under the Notes or Coupons or a breach or default under the Notes or the Trust Deed or for any other purpose.

3.4 If the Issuer has the right to redeem any Notes at its option, this may limit the market value of the Notes concerned and an investor may not be able to reinvest the redemption proceeds in a manner which achieves a similar effective return

An optional redemption feature of Notes is likely to limit their market value. During any period when the Issuer may elect, or is perceived to be able to elect, to redeem Notes, the market value of those Notes generally will not rise substantially above the price at which they can be redeemed. This also may be true prior to any redemption period.

The Issuer may be entitled to redeem Notes at its option (if so specified in the applicable Final Terms) and/or following the occurrence of a Regulatory Event (in the case of Subordinated Notes) or a Loss Absorption Disqualification Event (in the case of certain Senior Non-Preferred Notes) or a Tax Event (in the case of any Notes) (subject, where applicable, to the satisfaction of the certain pre-conditions set out in the Terms and Conditions of the Notes, including Regulatory Approval if then required), all as further described in the Terms and Conditions of the Notes.

It may be commercially rational for the Issuer to redeem Notes when its cost of borrowing is lower than the interest rate on the Notes. At those times, an investor generally would not be able to reinvest the redemption proceeds at an effective interest rate as high as the interest rate on the Notes being redeemed and may only be able to do so at a significantly lower rate. Potential investors should consider reinvestment risk in light of other investments available at that time.

In addition, the circumstances in which a Tax Event, Regulatory Event or Loss Absorption Disqualification Event may occur may be difficult to predict, and are based on factors outside the Issuer's control. Any changes in applicable law or regulation, or the official interpretation thereof, could result in any such event occurring. Potential investors should also note that if the Clean-up Call is specified as applicable in the applicable Final Terms and if a Clean-up Call Event occurs, the Issuer may then redeem (or, at its option, purchase or procure the purchase of) all (but not some only) of the remaining outstanding Notes of that Series at the Clean-up Call Redemption Amount specified in the applicable Final Terms together, if applicable, with unpaid interest accrued (or an amount equal thereto) up to (but excluding) the date of redemption or purchase (as applicable). The occurrence of any such event, or any perception, expectation or anticipation in the markets that such an event may occur (whether or not such event does, in fact, occur), may have a significant adverse impact on the market price of any Notes and/or result in increased volatility in such market price.

3.5 Substitution and variation of Senior Non-Preferred Notes following a Loss Absorption Disqualification Event

If so specified in the applicable Final Terms, the Issuer may, following a Loss Absorption Disqualification Event in respect of any Series of Senior Non-Preferred Notes, without the need for any consent of the Noteholders, substitute all (but not some only) of such Series of Senior Non-Preferred Notes for, or vary the terms of such Series so that they remain or become, Loss Absorption Compliant Notes (as defined in the Terms and Conditions of the Notes). The Loss Absorption Compliant Notes are required to have terms such that they rank as part of the class of secondary non-preferential debts; this is the case whether or not the Senior Non-Preferred Notes had become a part of the class of ordinary non-preferential debts as a result of the relevant Loss Absorption Disqualification Event.

Whilst Loss Absorption Compliant Notes are, subject to such ranking requirement, otherwise required to have terms which are not materially less favourable to Noteholders than the terms of the relevant Senior Non-Preferred Notes (as reasonably determined by the Issuer in consultation with an independent adviser of recognised standing), no assurance can be given that any such substitution or variation will not adversely affect any particular holder. In addition, the tax and stamp duty consequences of holding such Loss Absorption Compliant Notes could be different for some categories of Noteholders from the tax and stamp duty consequences for them of holding the Senior Non-Preferred Notes prior to such substitution or variation, and no assurance can be given by the Issuer as to the implications thereof for any holder, which may be adverse to any such holder.

3.6 The Subordinated Notes and Senior Non-Preferred Notes contain limited events of default and the remedies available thereunder are limited

The only events of default under the Terms and Conditions of the Subordinated Notes and Senior Non-Preferred Notes are (i) where there is a failure to pay principal or interest for a period of 14 days or more when it otherwise becomes due and payable and (ii) the commencement of the winding up or dissolution of the Issuer, all as more particularly described in Condition 10(b).

The sole remedy against the Issuer available to the Trustee for recovery of amounts which have become due in respect of the Subordinated Notes or the Senior Non-Preferred Notes (including any damages awarded for breach by the Issuer of any obligations in respect thereof) will be the institution of proceedings for the winding up of the Issuer and claiming in such winding up (such claims ranking as provided above under "Legal Ranking

of Notes" and "The Notes rank junior to most of the Issuer's liabilities"). Otherwise, the Trustee and the Noteholders may not take any further or other action to enforce, prove or claim any such payment, including, in the case of a failure to pay interest, any action to accelerate a repayment of the nominal amount of the relevant Subordinated Notes or Senior Non-Preferred Notes, as the case may be.

In the event of the commencement of the winding up or dissolution of the Issuer (as more particularly described in Condition 10(a)), 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 so directed by an Extraordinary Resolution of the Noteholders, shall (subject to being indemnified and/or secured and/or pre-funded to its satisfaction), give notice to the Issuer that the relevant Series of Notes are due and repayable immediately (and the relevant Series of Notes shall thereby become so due and repayable) at their nominal amount together with accrued interest (if any) (and the claims in respect thereof will rank as provided above under "Legal Ranking of Notes" and "The Notes rank junior to most of the Issuer's liabilities").

3.7 Limitation on gross-up obligation under the Subordinated Notes and Senior Non-Preferred Notes

The Issuer's obligation to pay additional amounts in respect of any withholding or deduction in respect of taxes under the terms of each Series of Subordinated Notes and each Series of Senior Non-Preferred Notes, applies only to payments of interest due and payable under such Notes and not to payments of principal (which term, for these purposes, includes any premium, Final Redemption Amount, Early Redemption Amount, Optional Redemption Amount, Clean-Up Call Redemption Amount, Loss Absorption Disqualification Event Redemption Price and any other amount (other than interest) payable in respect of such Notes).

As such, the Issuer would not be required to pay any additional amounts under the terms of any Series of Subordinated Notes or any Series of Senior Non-Preferred Notes to the extent any withholding or deduction applied to payments of principal. Accordingly, if any such withholding or deduction were to apply to any payments of principal under any Series of Subordinated Notes or any Series of Senior Non-Preferred Notes, holders of such Notes would, upon repayment or redemption of such Notes, be entitled to receive only the net amount of such redemption or repayment proceeds after deduction of the amount required to be withheld. Therefore, in such circumstances, holders may receive less than the full amount due under such Notes, and the market value of such Notes may be adversely affected as a result.

D. **RISKS RELATING TO THE NOTES GENERALLY**

4 4.1 The conditions of the Notes contain provisions which may permit their modification without the consent of all investors and confer significant discretions on the Trustee which may be exercised without the consent of the Noteholders and without regards to the individual interests of particular Noteholders

The Terms and Conditions of the Notes contain provisions for calling meetings (which may be a physical meeting or may instead be held by way of audio or video conference call, or a combination of any such methods) of Noteholders to consider and vote upon matters affecting their interests generally. These provisions permit defined majorities to bind all Noteholders, including Noteholders who did not attend and vote at the relevant meeting and Noteholders who voted in a manner contrary to the majority.

The 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, whether or not such Noteholders voted in favour of the relevant resolution.

The Terms and Conditions of the Notes also provide that the Trustee may, without the consent of Noteholders and without regard to the interests of particular Noteholders, agree to (i) any modification of, or to the waiver

or authorisation of any breach or proposed breach of, any of the provisions of the Notes, the Coupons or any of the provisions of the Trust Deed which in the opinion of the Trustee is not materially prejudicial to the Noteholders or (ii) any modification of any of the Terms and Conditions of the Notes or any provision of the Notes, the Coupons or the Trust Deed which is of a formal, minor or technical nature or is made to correct a manifest error or to comply with mandatory provisions of law or (iii) the substitution of another company as principal debtor under any Notes in place of the Issuer, in the circumstances described in Condition 17 (Substitution) of the Terms and Conditions of the Notes.

In addition, pursuant to Condition 5(f) (Benchmark Discontinuation), certain changes may be made to the interest calculation provisions of the Floating Rate Notes or Reset Notes in the circumstances and as otherwise set out in such Condition, without the requirement for consent of the Trustee or the Noteholders.

4.2 The value of the Notes could be adversely affected by a change in English law or administrative practice

The Terms and Conditions of the Notes are based on English law in effect as at the date of this Base Prospectus. No assurance can be given as to the impact of any possible judicial decision or change to English law or administrative practice after the date of this Base Prospectus and any such change could materially adversely impact the value of any Notes affected by it.

4.3 Investors who hold less than the minimum Specified Denomination may be unable to sell their Notes and may be adversely affected if definitive Notes are subsequently required to be issued

In relation to any issue of Notes which have denominations consisting of a minimum Specified Denomination plus one or more higher integral multiples of another smaller amount, it is possible that such Notes may be traded in amounts in excess of the minimum Specified Denomination that are not integral multiples of such minimum Specified Denomination. In such a case a holder who, as a result of trading such amounts, holds an amount which (after deducting integral multiples of such minimum Specified Denomination) is less than the minimum Specified Denomination in this account with the relevant clearing system at the relevant time may not receive a definitive Note in respect of such holding (should definitive Notes be printed) and would need to purchase a principal amount of Notes at or in excess of the minimum Specified Denomination such that its holding amounts to a Specified Denomination.

If such Notes in definitive form are issued, holders should be aware that definitive Notes which have a denomination that is not an integral multiple of the minimum Specified Denomination may be illiquid and difficult to trade.

4.4 Floating Rate Notes

Investment in Notes which bear interest at a floating rate comprise (i) a Reference Rate and (ii) a Margin to be added or subtracted, as the case may be, from such base rate. Typically, the relevant Margin will not change throughout the life of the Notes but there will be a periodic adjustment (as specified in the relevant Final Terms) of the Reference Rate (for example, every three months or six months) which itself will change in accordance with general market conditions. Accordingly, the market value of Floating Rate Notes may be volatile if changes, particularly short term changes, to market interest rates evidenced by the relevant Reference Rate can only be reflected in the interest rate of these Notes upon the next periodic adjustment of the relevant Reference Rate. Should the Reference Rate be at any time negative, it could, notwithstanding the existence of the relevant Margin, result in the actual floating rate being lower than the relevant Margin or even equal to zero.

4.5 Fixed Rate Notes

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

4.6 If the Notes include a feature to convert the interest basis from a fixed rate to a floating rate, or vice versa, this may affect the secondary market and the market value of the Notes concerned

The Issuer may issue Notes which bear interest at a rate that converts from a fixed rate to a floating rate, or from a floating rate to a fixed rate. Where the Issuer has the right to effect such a conversion, this will affect the secondary market and the market value of the Notes since the Issuer may be expected to convert the rate when it is likely to produce a lower overall cost of borrowing. If the Issuer converts from a fixed rate to a floating rate in such circumstances, the spread on the Notes may be less favourable than the prevailing spreads on comparable Floating Rate Notes tied to the same reference rate. In addition, the new floating rate at any time may be lower than the rates on other Notes. If the Issuer converts from a floating rate to a fixed rate in such circumstances, the fixed rate may be lower than the then prevailing rates on its Notes and could affect the market value of an investment in such Notes. Furthermore, if any Notes are issued upon terms providing for automatic conversion of the interest rate on any Notes from a fixed rate to a floating rate or vice versa, this may also affect the secondary market and the market value of the Notes concerned if the rate or basis to which the interest rate is required to switch is lower than the interest rate prevailing up to such time.

4.7 Reset Notes

In the case of any Series of Reset Notes, the rate of interest on such Reset Notes will be reset by reference to the Reset Reference Rate, as adjusted for any applicable margin, on the reset dates specified in the relevant Final Terms. This is more particularly described in Condition 5(b) (Interest on Reset Notes). The reset of the rate of interest in accordance with such provisions may affect the secondary market for and the market value of such Reset Notes. Following any such reset of the rate of interest applicable to the Notes, the First Reset Rate of Interest or the Subsequent Reset Rate of Interest on the relevant Reset Notes may be lower than the Initial Rate of Interest, the First Reset Rate of Interest and/or any previous Subsequent Reset Rate of Interest.

4.8 Notes which are issued at a substantial discount or premium may experience price volatility in response to changes in market interest rates

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

4.9 The regulation and reform of "benchmarks" may adversely affect the value of Notes linked to or referencing such "benchmarks"

Interest rates and indices which are deemed to be "benchmarks", (including EURIBOR and SONIA) are the subject of recent and on-going reform. Some of these reforms are already effective including Regulation (EU) 2016/1011 (the "EU Benchmarks Regulation") whilst others are still to be implemented. These reforms may cause such benchmarks to perform differently than in the past, to be replaced or reconfigured to disappear entirely, or have other consequences which cannot be predicted. Any such consequence could have a material adverse effect on any Notes linked to such a benchmark.

Under the EU Benchmarks Regulation certain requirements, subject to certain transitional provisions, apply with respect to the provision of a wide range of benchmarks, the contribution of input data to a benchmark and the use of a benchmark within the EU. In particular, the Benchmarks Regulation, among other things (i) requires benchmark administrators to be authorised or registered (or, if non-EU-based, to be subject to an equivalent regime or otherwise recognised or endorsed) and to comply with extensive requirements in relation to the administration of benchmarks and (ii) prevents certain uses by EU supervised entities of benchmarks of

administrators that are not authorised or registered (or, if non-EU based, not deemed equivalent or recognised or endorsed).

Regulation (EU) 2016/1011 as it forms part of domestic law by virtue of the EUWA (the "**UK Benchmarks Regulation**") among other things, applies to the provision of benchmarks and the use of a benchmark in the UK. Similarly, it prohibits the use in the UK by UK supervised entities (such as the Issuer) of benchmarks of administrators that are not authorised by the FCA or registered on the FCA register (or, if non-UK based, not deemed equivalent or recognised or endorsed).

The EU Benchmarks Regulation and/or the UK Benchmarks Regulation, as applicable, could have a material impact on any Notes linked to or referencing a benchmark, in particular, if the methodology or other terms of the benchmark are changed in order to comply with the requirements of the EU Benchmarks Regulation and/or the UK Benchmarks Regulation, as applicable. Such changes could, amongst other things, have the effect of reducing, increasing or otherwise affecting the volatility of the published rate or level of the relevant benchmark, and may influence the ability or willingness of investors that are supervised entities for the purposes of the EU Benchmarks Regulation or UK Benchmarks Regulation to acquire or hold Notes, which could affect the market in, and market price of, any Notes.

The methodology for determining EURIBOR has been reformed to adopt a hybrid methodology and work-streams are underway to provide a fallback by reference to a euro risk-free rate (based on a euro overnight risk-free rate as adjusted by a methodology (which is now being used) to create a term rate). On 13 September 2018, the working group on euro risk-free rates recommended Euro Short-term Rate ("€STR") as the new risk free rate. €STR was published by the ECB for the first time in October 2019. The euro risk free-rate working group published a set of guiding principles and high level recommendations for fallback provisions in new euro-denominated cash products (including bonds) referencing EURIBOR. The guiding principles indicate, amongst other things, that continuing to reference EURIBOR in relevant contracts (without robust fallback provisions) may increase the risk to the euro area financial system. On 11 May 2021, the euro risk-free rate working group published its recommendations on EURIBOR fallback trigger events and fallback rates.

Such factors may have (without limitation) the following effects on certain benchmarks: (i) discouraging market participants from continuing to administer or contribute to a benchmark; (ii) triggering changes in the rules or methodologies used in the benchmark and/or (iii) leading to the disappearance of the benchmark. Any of the above changes or any other consequential changes as a result of international or national reforms or other initiatives or investigations, could have a material adverse effect on the value of and return on any Notes linked to, referencing, or otherwise dependent (in whole or in part) upon, a benchmark.

The Terms and Conditions of the Notes provide for certain fallback arrangements in the event that a Benchmark Event (as defined in the Terms and Conditions) occurs in respect of an Original Reference Rate or other relevant reference rate and/or any page on which such benchmark may be published, becomes unavailable, or if the Issuer, the Calculation Agent, any Paying Agent or any other party responsible for the calculation of the Rate of Interest (as specified in the applicable Final Terms) are no longer permitted lawfully to calculate interest on any Notes by reference to the relevant reference rate under the EU Benchmarks Regulation and/or the UK Benchmarks Regulation or otherwise. Such fallback arrangements include the possibility that the Rate of Interest could be set by reference to a successor, alternative or replacement rate (each as defined in the Terms and Conditions) with the application of an adjustment spread (which could be positive, negative or zero, or a formula or methodology for calculating a spread) and may include amendments to the Terms and Conditions of the Notes to ensure the proper operation of the new benchmark, all as determined by the Issuer (acting in good faith and in consultation with an Independent Adviser) and as more fully described at Condition 5(f). It is possible that the use of a successor, alternative or replacement rate, including with any Adjustment Spread, may result in any Notes linked to or referencing an Original Reference Rate performing differently (which may include payment of a lower Rate of Interest) than they would if the Original Reference Rate were to continue

to apply in its current form. There is also a risk that the relevant fallback provisions may not operate as expected or intended at the relevant time.

Furthermore, in certain circumstances, the ultimate fallback for the purposes of calculation of the Rate of Interest for a particular Interest Period or Reset Period (as applicable) may result in the rate of interest for the last preceding Interest Period being used. This may result in the effective application of a fixed rate for Floating Rate Notes or Reset Notes (as applicable) based on the rate which was last observed on the Relevant Screen Page or, in the case of Reset Notes, the application of the previous Reset Rate of Interest for a preceding Reset Period, or for the First Reset Rate of Interest, the application of the Initial Rate of Interest applicable to such Notes on the Interest Commencement Date.

Investors should consult their own independent advisers and make their own assessment about the potential risks imposed by the EU Benchmarks Regulation and/or the UK Benchmarks Regulation reforms and the possible application of the benchmark replacement provisions of the Notes in making any investment decision with respect to any Notes referencing a benchmark.

E. MARKET RISKS

5 5.1 An active secondary market generally in respect of the Notes may never be established or may be illiquid and this would adversely affect the value at which an investor could sell their Notes

Notes may have no established trading market when issued, and one may never develop. If a market does develop, it may not be very liquid. This risk may be exacerbated if only one or a limited number of investors were to invest in a particular Series of Notes. Therefore, investors may not be able to sell their Notes easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market.

If the Notes are traded after their initial issuance, they may trade at a discount to their initial offering price, depending upon a range of influences including (but not limited to) prevailing interest rates, the market for similar securities, general economic conditions and the financial condition of the Issuer. Although the Issuer has applied to admit the Notes issued from time to time to listing on the Official List and to admit them to trading on the London Stock Exchange's main market, the Issuer cannot guarantee that the Notes will be accepted for listing or admitted to trading, that any such listing or admission to trading will be maintained throughout the term of the Notes, or that an active trading market will develop.

If a market for the Notes does develop, it may not be very liquid and may be sensitive to changes in financial markets. These risks may be exacerbated with respect to any issue of Notes which is initially subscribed by just one or a limited number of initial investors. Therefore, investors may not be able to sell their Notes easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market. This may in particular be the case should the Issuer be in financial distress, which may result in any sale of the Notes having to be at a substantial discount to their nominal amount. Accordingly, the Issuer cannot guarantee the development or liquidity of any trading market for the Notes.

5.2 The market continues to develop in relation to risk free rates (including overnight rates) as a reference rate for Floating Rate Notes

Where the applicable Final Terms for a Series of Floating Rate Notes identifies that the Rate of Interest for such Notes will be determined by reference to SONIA, SOFR or €STR, the Rate of Interest will be determined on the basis of the relevant reference rate (as further described in the Terms and Conditions of the Notes). All such rates are based on 'overnight rates'. Overnight rates differ from interbank offered rates ("**IBORs**") in a number of material respects, including (without limitation) that such rates are backwards-looking, risk-free overnight rates, whereas IBORs are expressed on the basis of a forward-looking term and include a risk-element based on inter-bank lending. As such, investors should be aware that overnight rates may behave materially differently

as interest reference rates for Notes issued under the Programme compared to IBORs. The use of overnight rates as reference rates for Eurobonds is subject to continued change and development, both in terms of the substance of the calculation and in the development and adoption of market infrastructure for the issuance and trading of bonds referencing such overnight rates.

Investors in any Notes referencing any overnight rates should be aware that the market continues to develop in relation to such rates in the capital markets and their adoption as an alternative to IBORs. In particular, market participants, industry groups and/or central bank-led working groups have explored compounded and weighted average rates and observation methodologies for such rates (including so-called 'shift', 'lag', and 'lock-out' methodologies) and forward-looking 'term' reference rates derived from these overnight rates have also been, or are being, developed. The adoption of overnight rates may also see component inputs into swap rates or other composite rates transferring from IBORs or another reference rate to an overnight rate.

The market or a significant part thereof may adopt overnight rates that differ significantly from that set out in the Terms and Conditions of the Notes. Investors should carefully consider how any mismatch between the adoption of SONIA, SOFR or €STR reference rates across other markets, such as the derivatives and loan markets may impact any hedging or other financial arrangements which they may put in place in connection with any acquisition, holding or disposal of Notes referencing overnight rates.

The Rate of Interest on Notes which reference overnight rates is only capable of being determined immediately prior to the relevant Interest Payment Date. It may be difficult for investors in Notes which reference overnight rates to reliably estimate the amount of interest which will be payable on such Notes. Some investors may be unable or unwilling to trade such Notes without changes to their IT systems, both of which could adversely impact the liquidity of such Notes. Further, if the Floating Rate Notes become due and payable under Condition 10 (Events of Default), or are otherwise redeemed early on a date which is not an Interest Payment Date, the final Rate of Interest payable shall be determined on the date the Notes became due and payable and shall not be reset thereafter. Investors should consider these matters when making their investment decision with respect to any such Floating Rate Notes.

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

These same, or similar, risks may be inherent in any Reset Notes the reference rate for which is or references (or which includes a component part which is or references) a risk-free rate such as SONIA, SOFR or €STR.

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

5.3 If an investor holds Notes which are not denominated in the investor's home currency, they will be exposed to movements in exchange rates adversely affecting the value of their holding. In addition, the imposition of exchange controls in relation to any Notes could result in an investor not receiving payments on those Notes

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

relative to the Specified Currency would decrease (1) the Investor's Currency equivalent yield on the Notes, (2) the Investor's Currency-equivalent value of the principal payable on the Notes and (3) the Investor's Currency-equivalent market value of the Notes.

Government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate or the ability of the Issuer to make payments in respect of the Notes. As a result, investors may receive less interest or principal than expected, or no interest or principal.

5.4 Credit ratings assigned to the Issuer or any Notes may not reflect all the risks associated with an investment in those Notes

One or more independent credit rating agencies may assign credit ratings to the Issuer or Notes. The ratings may not reflect the potential impact of all risks related to structure, market, additional factors discussed above, and other factors that may affect the value of the Notes. A credit rating is not a recommendation to buy, sell or hold securities and may be revised or withdrawn by the rating agency at any time.

In general, European regulated investors are restricted under the CRA Regulation from using credit ratings for regulatory purposes in the EEA, unless such ratings are issued by a credit rating agency established in the EEA and registered under the CRA Regulation (and such registration has not been withdrawn or suspended), subject to transitional provisions that apply in certain circumstances. Such general restriction will also apply in the case of credit ratings issued by third country non-EEA credit rating agencies, unless the relevant credit ratings are endorsed by an EEA-registered credit rating agency or the relevant third country rating agency is certified in accordance with the CRA Regulation (and such endorsement action or certification, as the case may be, has not been withdrawn or suspended, subject to transitional provisions that apply in certain circumstances). The list of registered and certified rating agencies published by the European Securities and Markets Authority ("**ESMA**") on its website in accordance with the CRA Regulation is not conclusive evidence of the status of the relevant rating agency included in such list, as there may be delays between certain supervisory measures being taken against a relevant rating agency and the publication of the updated ESMA list.

Investors regulated in the UK are subject to similar restrictions under the UK CRA Regulation. As such, UK regulated investors are required to use for UK regulatory purposes ratings issued by a credit rating agency established in the UK and registered under the UK CRA Regulation. In the case of ratings issued by third country non-UK credit rating agencies, third country credit ratings can either be: (a) endorsed by a UK registered credit rating agency; or (b) issued by a third country credit rating agency that is certified in accordance with the UK CRA Regulation. Note this is subject, in each case, to (a) the relevant UK registration, certification or endorsement, as the case may be, not having been withdrawn or suspended, and (b) transitional provisions that apply in certain circumstances.

If the status of the rating agency rating the Notes changes for the purposes of the CRA Regulation or the UK CRA Regulation, relevant regulated investors may no longer be able to use the rating for regulatory purposes in the EEA or the UK, as applicable, and the Notes may have a different regulatory treatment, which may impact the value of the Notes and their liquidity in the secondary market. Certain information with respect to the credit rating agencies and ratings is set out on the cover of this Base Prospectus.

DOCUMENTS INCORPORATED BY REFERENCE

The following documents which have previously been published or are published simultaneously with this Base Prospectus shall be incorporated in, and form part of, this Base Prospectus:

(a) the audited consolidated annual financial statements of the Issuer for the financial years ended 31 December 2021 and 31 December 2022, together with the auditor's reports thereon available at: https://www.skipton.co.uk/about-us/-/media/skipton-co-uk/pdf/about-us/annual-report-and-accounts-2021.ashx and https://www.skipton.co.uk/about-us/-/media/skipton-co-uk/pdf/about-us/annual-report-and-accounts-2022.ashx respectively;

(b) the Strategic Report of the Issuer, as set out on pages 14 to 37 (inclusive) of the Issuer's Annual Report & Accounts 2022 available at: https://www.skipton.co.uk/about-us/-/media/skipton-co-uk/pdf/about-us/annual-report-and-accounts-2022.ashx;

(c) the unaudited consolidated interim financial statements for the six month period ended 30 June 2023 (which includes the auditor's review report and unaudited consolidated interim accounts of the Issuer and its subsidiaries as at and for the six months period ended 30 June 2023) available at: https://www.skipton.co.uk/about-us/-/media/skipton-co-uk/pdf/about-us/Half-Yearly-Financial-Reports-2023.ashx;

(d) the Skipton Building Society Pillar 3 Disclosures 2022 available at: https://www.skipton.co.uk/about-us/-/media/skipton-co-uk/pdf/about-us/Pillar-3-2022-December.ashx;

(e) the Skipton Building Society Pillar 3 Disclosures 30 June 2023 available at: https://www.skipton.co.uk/about-us/-/media/skipton-co-uk/pdf/about-us/pillar-3-2023-june.ashx; and

(f) the Terms and Conditions of the Notes prepared by the Issuer in connection with the Programme and contained in each of the Base Prospectuses or Offering Circulars (as the case may be) dated (i) 6 June 2022 (set out on pages 54-128 (inclusive)) available at: https://www.skipton.co.uk/-/media/Files/skipton_co_uk/Investor-Relations/EMTN-Prospectus/EMTN-Prospectus-20220606.ashx; and (ii) 11 September 2020 (set out on pages 46-92 (inclusive)) available at https://www.skipton.co.uk/-/media/Files/skipton_co_uk/Investor-Relations/EMTN-Prospectus/EMTN-Prospectus-20200911-(4).ashx.

Following the publication of this Base Prospectus a supplement may be prepared by the Issuer and approved by the FCA in accordance with Article 23 of the UK Prospectus Regulation. Statements contained in any such supplement (or contained in any document incorporated by reference therein) shall, to the extent applicable (whether expressly, by implication or otherwise), be deemed to modify or supersede statements contained in this Base Prospectus or in a document which is incorporated by reference in this Base Prospectus. Any statement so modified or superseded shall not, except as so modified or superseded, constitute a part of this Base Prospectus.

Any documents themselves incorporated by reference in the documents incorporated by reference in this Base Prospectus shall not form part of this Base Prospectus.

Any non-incorporated parts of a document referred to herein are either deemed not relevant for an investor or are otherwise covered elsewhere in this Base Prospectus.

The Issuer will, in the event of any significant new factor, material mistake or material inaccuracy relating to information included in this Base Prospectus which is capable of affecting the assessment of any Notes, prepare

a supplement to this Base Prospectus or publish a new Base Prospectus for use in connection with any subsequent issue of Notes.

OVERVIEW OF THE PROGRAMME

The following overview does not purport to be complete and is qualified in its entirety by the remainder of this Base Prospectus and, in relation to the terms and conditions of any particular Tranche of Notes, the applicable Final Terms. The Issuer, any relevant Dealer and the Trustee may agree that Notes shall be issued in a form other than that contemplated in the Terms and Conditions, in which event, in the case of listed Notes only, if appropriate, a supplement to this Base Prospectus or a new Base Prospectus will be published.

This overview constitutes a general description of the Programme for the purposes of Article 25(1) of Delegated Regulation (EU) No. 2019/980 as it forms part of domestic law by virtue of the EUWA (the "UK Delegated Regulation"). Words and expressions defined in "Summary of Provisions Relating to the Notes while in Global Form" and "Terms and Conditions of the Notes" below shall have the same meanings in this overview.

Issuer:	Skipton Building Society
Legal Identifier Number ("LEI"):	66AGRETLUXS4YO5MUH35
Description:	Euro Medium Term Note Programme
Risk Factors:	There are certain factors that may affect the Issuer's ability to fulfil its obligations under Notes issued under the Programme. In addition, there are certain factors which are material for the purpose of assessing the market risks associated with Notes issued under the Programme and risks relating to the structure of a particular series of Notes issued under the Programme. All of these are set out under "*Risk Factors*".
Arranger:	Barclays Bank PLC
Dealers:	Barclays Bank PLC BNP Paribas HSBC Bank plc Lloyds Bank Corporate Markets plc NatWest Markets Plc and any other Dealers appointed in accordance with the Programme Agreement.
Trustee:	The Bank of New York Mellon, London Branch
Principal Paying Agent and Transfer Agent:	The Bank of New York Mellon, London Branch
Programme Size:	Up to £2,000,000,000 (or its equivalent in other currencies calculated as described in the Programme Agreement) outstanding at any time. The Issuer may increase the amount of the Programme in accordance with the terms of the Programme Agreement.
Distribution:	Notes may be distributed by way of private or public placement and in each case on a syndicated or non-syndicated basis.
Currencies:	Subject to any applicable legal or regulatory restrictions, Notes may be denominated in any currency agreed between the Issuer and the relevant Dealer.

Maturities:	Notes will have such maturities as may be agreed between the Issuer and the relevant Dealer, save that (i) in the case of Senior Non-Preferred Notes, the minimum maturity will be one year, (ii) in the case of Subordinated Notes the minimum maturity will be five years and (iii) notwithstanding (i) and (ii) above, in any case such other minimum or maximum maturities as may be allowed or required from time to time by the relevant monetary authority (or equivalent body) or any laws or regulations applicable to the Issuer or the relevant Specified Currency.
Issue Price:	Notes may be issued on a fully-paid basis and at an issue price which is at par or at a discount to, or premium over, par.
Form of Notes:	Each Series of Notes may be issued: (i) in bearer form; or (ii) in registered form. Registered Notes may not be exchanged for Bearer Notes and Bearer Notes may not be exchanged for Registered Notes. Each Tranche of a Bearer Notes will be represented on issue by a temporary Global Note if (i) definitive Notes are to be made available to Noteholders following the expiry of 40 days after their issue date or (ii) such Notes have an initial maturity of more than one year and are being issued in compliance with TEFRA D (as defined below). Otherwise each Tranche of Bearer Notes will be represented by a permanent Global Note. Registered Notes will be represented by Certificates, one Certificate being issued in respect of each Noteholder's entire holding of Registered Notes of one Series. Certificates representing Registered Notes that are registered in the name of a nominee for one or more clearing systems are referred to as "Global Certificates". Definitive Notes will be serially numbered. Notes to be issued under the Programme will be either Senior Preferred Notes, Senior Non-Preferred Notes or Subordinated Notes. The Bearer Notes may or may not be issued in new global note form and the Registered Notes may or may not be issued under the new safekeeping structure, in each case as described in "*Summary of Provisions Relating to Notes while in Global Form*".
Certain Restrictions:	Each issue of Notes denominated in a currency in respect of which particular laws, guidelines, regulations, restrictions or reporting requirements apply will only be issued in circumstances which comply with such laws, guidelines, regulations, restrictions or reporting requirements from time to time (see "*Subscription and Sale*" below) including the following restrictions applicable at the date of this Base Prospectus.

Reset Notes:	Interest will be payable in arrear on the dates specified in the Final Terms at the initial rate specified in the Final Terms, and thereafter the rate may be reset with respect to a specified time period by reference to the Reset Reference Rate. The rate of interest may be reset on more than one occasion.
Fixed Rate Notes:	Fixed interest will be payable on such date or dates as may be agreed between the Issuer and the relevant Dealer and on redemption and will be calculated on the basis of such Day Count Fraction as may be agreed between the Issuer and the relevant Dealer (as indicated in the applicable Final Terms).
Floating Rate Notes:	Floating Rate Notes will bear interest at a rate determined on the basis of the reference rate set out in the applicable Final Terms. The margin (if any) relating to such floating rate will be agreed between the Issuer and the relevant Dealer for each Series of Floating Rate Notes. Floating Rate Notes may also have a maximum interest rate, a minimum interest rate or both. Interest on Floating Rate Notes in respect of each Interest Period, as agreed prior to issue by the Issuer and the relevant Dealer, will be payable on such Interest Payment Dates, and will be calculated on the basis of such Day Count Fraction, as may be agreed between the Issuer and the relevant Dealer.
Zero Coupon Notes:	Zero Coupon Notes will be offered and sold at a discount to their nominal amount and will not bear interest.
Benchmark Discontinuation:	If a Benchmark Event or Benchmark Transition Event (as applicable) occurs, such that any rate of interest (or any component part thereof) cannot be determined by reference to the original benchmark or screen rate (as applicable) specified in the relevant Final Terms, then the Issuer may (in consultation with an Independent Adviser and subject to certain conditions) be permitted to substitute such benchmark and/or screen rate (as applicable) with a successor, replacement or alternative benchmark and/or screen rate (with consequent amendments to the terms of the relevant Series of Notes and the application of an adjustment spread (which, for the avoidance of doubt, may be positive, negative or zero)). See Condition 5(f) (*Interest – Benchmark Discontinuation*).
Early Redemption:	The Final Terms relating to each issue of Notes will state whether such Notes can be redeemed prior to their stated maturity (i) at the option of the Issuer, (ii) at the option of the Issuer following the occurrence of a Clean-Up Call Event, subject to any applicable pre-conditions (iii) at the option of the Noteholder, or (iv) following the occurrence of a Regulatory Event (in the case of Subordinated Notes only) or a Loss Absorption Disqualification Event (in the case of Senior Non-Preferred

	Notes where "Senior Non-Preferred Notes: Loss Absorption Disqualification Event Redemption" is expressed to be "Applicable" in the applicable Final Terms) or following any change in or amendment to the laws or regulations of the UK, where the Issuer is required to pay additional amounts as described in Condition 8 (*Taxation*), or (in the case of Senior Non-Preferred Notes or Subordinated Notes only) the Issuer would not be entitled to claim a deduction in respect of any interest payable in respect of the Notes or the amount of any such deduction would be materially reduced, as further described in Condition 7(b) *(Redemption and Purchase – Redemption for Tax Reasons*). The relevant Final Terms will specify the basis for calculating any redemption amounts payable. See Condition 7 (*Redemption and Purchase*).
Pre-conditions to Redemption, Purchase, Substitution or Variation:	The early redemption or purchase of Subordinated Notes will be subject to additional requirements as described in Condition 7 (*Redemption and Purchase*). The early redemption, purchase, substitution or variation of Senior Non-Preferred Notes will be subject to additional requirements as described in Condition 7(k) (*Redemption and Purchase – Pre-conditions to Redemption, Purchase, Substitution or Variation of Senior Non-Preferred Notes*).
Substitution and Variation in respect of Senior Non-Preferred Notes:	If so specified in the relevant Final Terms for a Series of Senior Non-Preferred Notes, upon the occurrence of a Loss Absorption Disqualification Event, the Issuer may, subject to certain conditions and without the consent of the Noteholders, either substitute all (but not some only) of the relevant Series of Senior Non-Preferred Notes for, or vary the terms of such Series of Senior Non-Preferred Notes so that they remain or become, Loss Absorption Compliant Notes (as defined in the Terms and Conditions of the Notes).
Denomination of Notes:	Notes will be issued in such denominations as may be agreed between the Issuer and the relevant Dealer (as indicated in the applicable Final Terms), subject to compliance with all applicable laws and regulations, save that the minimum denomination of each Note will not be less than €100,000 (or, if the Notes are denominated in a currency other than euro, the equivalent amount in such currency).
Taxation:	All payments in respect of the Notes will be made without deduction for or on account of withholding taxes imposed by any Tax Jurisdiction, unless required by law and subject as provided in Condition 8 (*Taxation*). In the event that any such withholding or deduction is made, the Issuer will, subject to customary exceptions: (i) in the case of all Senior Preferred Notes, in respect of payments of interest and principal; or

(ii) in the case of all Subordinated Notes and Senior Non-Preferred Notes, in respect of payments of interest only,

be required to pay additional amounts to cover the amounts so withheld or deducted, all as described in Condition 8 (*Taxation*).

For the avoidance of doubt, in the case of Subordinated Notes and Senior Non-Preferred Notes, the Issuer will not pay any such additional amounts in respect of principal.

Negative Pledge: Applicable to Senior Preferred Notes only as further described in Condition 4 (*Negative Pledge (Senior Preferred Notes only)*).

Cross Default: Applicable to Senior Preferred Notes only as further described in Condition 10 (*Events of Default*).

Status of the Senior Preferred Notes: Senior Preferred Notes and any relative Coupons will be direct, unconditional, unsubordinated and (subject to the provisions of Condition 4 (*Negative Pledge (Senior Preferred Notes only)*)) unsecured obligations of the Issuer and (subject to the Ranking Legislation and to the provisions of Condition 4 (*Negative Pledge (Senior Preferred Notes only)*) will constitute ordinary non-preferential debts for the purposes of the Ranking Legislation. The Senior Preferred Notes will rank *pari passu* without any preference among themselves.

See Condition 3(a) (*Status of the Notes – Status of Senior Preferred Notes*) for further information.

Status of the Senior Non-Preferred Notes: The 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 the relevant section of any other Ranking Legislation).

The Senior Non-Preferred Notes and any relative Coupons will be direct and unsecured obligations of the Issuer and, subject to the Ranking Legislation, will constitute secondary non-preferential debts for the purposes of the Ranking Legislation. Subject to the Ranking Legislation, the Senior Non-Preferred Notes will rank junior to the Senior Preferred Notes, and rank *pari passu* without any preference among themselves.

See Condition 3(b) (*Status of the Notes – Status and Ranking of Senior Non-Preferred Notes; No set-off, etc*) for further information.

Status of the Subordinated Notes: The Subordinated Notes and any relative Coupons will be direct and unsecured obligations of the Issuer and, subject to the Ranking Legislation, will constitute tertiary non-preferential debts for the purposes of the Ranking Legislation. Subject to the Ranking Legislation, the Subordinated Notes will rank junior to the Senior Non-Preferred Notes. The Subordinated Notes will rank *pari passu* without any preference among themselves. See

	Condition 3(c) (*Status of the Notes – Status of Subordinated Notes; No set-off, etc)* for further information.
No set-off, etc	Subject to applicable law, no holder of a Senior Non-Preferred Note, a Subordinated Note or (in either case) a Coupon relating thereto (or, in any case, any interest therein) will be permitted to exercise, claim or plead any right of set-off (including, without limitation, compensation or retention), counterclaim or netting in respect of any amount owed to it by the Issuer arising under or in connection with any such Note or Coupon.
Rating:	The Programme is, rated "A2" by Moody's and "A" by Fitch in respect of Senior Preferred Notes with a maturity of more than one year, "Baa1" by Moody's and "A-" by Fitch in respect of Senior Non-Preferred Notes and "Baa1" by Moody's in respect of Subordinated Notes. Notes issued under the Programme may be rated or unrated. Where a Tranche of Notes is rated, such rating will be disclosed in the applicable Final Terms and will not necessarily be the same as the rating assigned to the Programme by the relevant rating agency. A security rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.
Listing:	Application has been made for Notes issued under the Programme to be listed on the main market of the London Stock Exchange.
Governing Law:	The Notes, the Coupons and the Trust Deed and any non-contractual obligations arising out of or in connection with them will be governed by, and construed in accordance with, English law.
Recognition of UK Bail-in:	Notwithstanding, and to the exclusion of, any other term of any Series of Notes or any other agreements, arrangements or understandings between the Issuer and any Noteholder or Couponholder (or the Trustee on behalf of any Noteholder or Couponholder), by its acquisition of any Note or Coupon (or any interest therein), each Noteholder and each Couponholder will acknowledge and accept that the amounts due arising under the Notes and the Coupons may be subject to the exercise of the UK Bail-in Power, and will acknowledge, accept, consent to, and agree to be bound by the effect of the exercise of the UK Bail-in Power by the Resolution Authority, all in accordance with, and as more fully described in, Condition 21.
Selling Restrictions:	There are restrictions on the offer, sale and transfer of the Notes in the United States, Singapore, the European Economic Area (including Belgium), the United Kingdom and Japan and such other restrictions as may be required in connection with the

offering and sale of a particular Tranche of Notes — see "*Subscription and Sale*" below.

The Issuer is Category 2 for the purposes of Regulation S under the Securities Act.

Notes in bearer form for U.S. tax purposes will be issued in compliance with U.S. Treas. Reg. §1.163-5(c)(2)(i)(D) (or any successor U.S. Treasury Regulation Section including, without limitation, regulations issued in accordance with U.S. Internal Revenue Service Notice 2012-20 or otherwise in connection with the U.S. Hiring Incentives to Restore Employment Act of 2010) ("TEFRA D") unless (i) the applicable Final Terms states that such Notes are issued in compliance with U.S. Treas. Reg. §1.163-5(c)(2)(i)(C) (or any successor U.S. Treasury Regulation Section including, without limitation, regulations issued in accordance with U.S. Internal Revenue Service Notice 2012-20 or otherwise in connection with the U.S. Hiring Incentives to Restore Employment Act of 2010) ("TEFRA C") or (ii) the Notes are issued other than in compliance with TEFRA D or TEFRA C but in circumstances in which such Notes will not constitute "registration required obligations" under the United States Tax Equity and Fiscal Responsibility Act of 1982 ("TEFRA"), which circumstances will be referred to in the applicable Final Terms as a transaction to which TEFRA is not applicable.

MiFID/UK MiFIR Product Governance:

The Final Terms in respect of any Notes may include a legend entitled "*MiFID II product governance*" and/or a legend entitled "*UK MiFIR product governance*" which will outline the target market assessment in respect of the Notes and which channels for distribution of the Notes are appropriate. Any distributor of Notes should take into consideration any such target market assessment; however, a distributor subject to MiFID II or the UK MiFIR Product Governance Rules is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the relevant target market assessment) and determining appropriate distribution channels.

Prohibition of Sales to EEA and UK retail investors:

If the Final Terms in respect of any Notes includes a legend entitled "*Prohibition of sales to EEA Retail Investors*" and/or a legend entitled "*Prohibition of sales to UK Retail Investors*", the Notes are not intended to be offered, sold or otherwise made available to, and should not be offered, sold or otherwise made available to, any retail investor in the EEA or in the UK, respectively. No key information document required by the EU PRIIPs Regulation or the UK PRIIPs Regulation for offering or selling any Notes or otherwise making them available to retail investors in the EEA or the UK, respectively, will be prepared for any such Notes and therefore offering or selling any such Notes or otherwise making them available to any retail investor in the EEA or, as the case may be, the UK may be unlawful under

the EU PRIIPs Regulation and/or the UK PRIIPs Regulation, as applicable.

TERMS AND CONDITIONS OF THE NOTES

The following (except for italicised paragraphs, which are for information purposes only and do not form part of the Terms and Conditions of the Notes) are the Terms and Conditions of the Notes which will be incorporated by reference into each Global Note (as defined below) and each definitive Note, in the latter case only if permitted by the relevant laws and requirements (if any) and agreed by the Issuer and the relevant Dealer at the time of issue but, if not so permitted and agreed, such definitive Note will have endorsed thereon or attached thereto such Terms and Conditions. The applicable Final Terms (or the relevant provisions thereof) will be endorsed upon, or attached to, each Global Note and definitive Note. Reference should be made to "applicable Final Terms" below for a description of the content of Final Terms which will specify which of such terms are to apply in relation to the relevant Notes, and references to any information being specified or identified "hereon" shall include any such item as is specified in the applicable Final Terms.

This Note is one of a Series (as defined below) of Notes constituted by a Trust Deed dated 7 December 2000 (such Trust Deed as modified and/or supplemented and/or restated from time to time, the "Trust Deed") and made between Skipton Building Society (the "Issuer" or the "Society") and The Bank of New York Mellon, London Branch (the "Trustee", which expression shall include all persons for the time being the trustee or trustees under the Trust Deed) as trustee for the time being for the Noteholders (as defined below).

References herein to the "Notes" shall be references to the Notes of this Series and shall mean:

(i) in relation to any Notes represented by a global Note in bearer form (a "Bearer Global Note") or a global Certificate (a "Global Certificate"), units of each Specified Denomination in the Specified Currency;

(ii) any Global Note or Global Certificate;

(iii) any definitive Notes in bearer form ("Bearer Notes") issued in exchange for a Bearer Global Note; and

(iv) any definitive Notes in registered from ("Registered Notes") (whether or not issued in exchange for a Global Certificate).

The Notes and the Coupons (as defined below) have the benefit of an amended and restated Agency Agreement dated 15 December 2023 (such Agency Agreement as amended and/ or supplemented and/or restated from time to time, the "Agency Agreement") and made between the Issuer, The Bank of New York Mellon, London Branch as issuing and principal paying agent and agent bank (the "Principal Paying Agent", which expression shall include any successor principal paying agent), the other paying agents named therein (together with the Principal Paying Agent, unless the context otherwise requires, the "Paying Agents", which expression shall include any additional or successor paying agents), The Bank of New York Mellon SA/NV, Luxembourg Branch as registrar (the "Registrar", which expression shall include any successor registrar) and a transfer agent and the other transfer agents named therein (together with the Registrar, unless the context otherwise requires, the "Transfer Agents", which expression shall include any additional or successor transfer agents) and the Trustee.

The Final Terms for this Note (or the relevant provisions thereof) are set out in Part A of the Final Terms attached to or endorsed on this Note and supplement these Terms and Conditions (these "Conditions", and references herein to a numbered "Condition" shall be construed accordingly). References to the "applicable Final Terms" are to Part A of the Final Terms (or the relevant provisions thereof) attached to or endorsed on this Note.

Interest bearing Bearer Notes have interest coupons ("Coupons") and, in the case of Bearer Notes which have more than 27 interest payments remaining, talons for further Coupons ("Talons") attached on issue. Any reference herein to Coupons or coupons shall, unless the context otherwise requires, be deemed to include a reference to Talons or talons. Global Notes do not have Coupons or Talons attached on issue.

The Trustee acts for the benefit of the holders for the time being, of the Notes (the "Noteholders" or "holders", which expressions shall mean (in the case of definitive Bearer Notes) the bearers of the Notes and (in the case of definitive Registered Notes) the persons in whose name the Certificates are registered and shall, in relation to any Notes represented by a Global Note or a Global Certificate, be construed as provided below). Any reference herein to "Couponholders" shall mean the holders of the Coupons and shall, unless the context otherwise requires, include the holders of the Talons.

As used herein, "Tranche" means Notes which are identical in all respects (including as to listing and admission to trading) and "Series" means a Tranche of Notes together with any further Tranche or Tranches of Notes which (i) are expressed to be consolidated and form a single series and (ii) have the same terms and conditions or terms and conditions which are the same in all respects save for the amount and date of the first payment of interest thereon and the date from which interest starts to accrue.

Copies of the Trust Deed, the Agency Agreement and the applicable Final Terms for this Note (i) are available for inspection by prior appointment during normal business hours at the principal London office for the time being of the Trustee (being, at 15 December 2023, 160 Queen Victoria Street, London EC4V 4LA, United Kingdom) and at the specified office of each of the Principal Paying Agent, the Registrar and the other Paying Agents and Transfer Agents (such Agents and the Registrar being together referred to as the "Agents") or (ii) may be provided by email to a Noteholder following their prior written request to the Trustee or the Principal Paying Agent, in any such case upon provision of proof of a holding of a Note and identity (in a form satisfactory to the Trustee or the relevant Agent, as the case may be). If the Notes are to be admitted to trading on the main market of the London Stock Exchange the applicable Final Terms will be published on the website of the London Stock Exchange through a regulatory information service. The Noteholders and the Couponholders are deemed to have notice of, are entitled to the benefit of, and are bound by, all the provisions of the Trust Deed, the Agency Agreement and the applicable Final Terms which are applicable to them. The statements in these Terms and Conditions include summaries of, and are subject to, the detailed provisions of the Trust Deed.

Words and expressions defined in the Trust Deed or used in the applicable Final Terms shall have the same meanings where used in these Terms and Conditions unless the context otherwise requires or unless otherwise stated and provided that, in the event of inconsistency between the Trust Deed and the Agency Agreement, the Trust Deed will prevail and, in the event of any inconsistency between the Trust Deed or the Agency Agreement and the applicable Final Terms, the applicable Final Terms will prevail.

In these Conditions, "euro" means the currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty on the Functioning of the European Union, as amended.

1 Form, Denomination and Title

This Note is issued either (i) in bearer form or; (ii) in registered form, as specified in the applicable Final Terms. This Note is issued in the currency (the "Specified Currency") specified in the applicable Final Terms. If this Note is a Bearer Note, it will be issued in the denominations (the "Specified Denomination(s)") specified in the applicable Final Terms. If this Note is a Registered Note, it will be issued in multiples of the Specified Denomination(s) specified in the applicable Final Terms.

This Note may be a Fixed Rate Note, a Reset 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 may be a Senior Preferred Note, a Senior Non-Preferred Note or a Subordinated Note as shown in the applicable Final Terms.

Definitive Bearer Notes are issued with Coupons attached, unless they are Zero Coupon Notes in which case references to Coupons and Couponholders in these Terms and Conditions are not applicable. Definitive Notes will be serially numbered.

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

Subject as set out below, title to the Bearer Notes and Coupons will pass by delivery and title to the Registered Notes will pass upon 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"). The Issuer, the Trustee and any Agent will (except as otherwise required by law) deem and treat the bearer of any Bearer Note or Coupon and the registered holder of any Registered Note as the absolute owner thereof (whether or not overdue and notwithstanding any notice of ownership or writing on it (or on the Certificate representing it) or notice of any previous loss or theft (or on such Certificate)) for all purposes and no person shall be liable for so treating such holder, but, in the case of any Global Note or Global Certificate, without prejudice to the provisions set out in the next succeeding paragraph.

For so long as any of the Notes is represented by a Bearer Global Note or a Global Certificate held on behalf of Euroclear Bank SA/NV ("Euroclear") and/or Clearstream Banking S.A. ("Clearstream, Luxembourg"), each person (other than Euroclear or Clearstream, Luxembourg) who is for the time being shown in the records of Euroclear or of Clearstream, Luxembourg as the holder of a particular nominal amount of such Notes (in which regard any certificate or other document issued by Euroclear or Clearstream, Luxembourg as to the nominal amount of such Notes standing to the account of any person shall be conclusive and binding for all purposes save in the case of manifest error) shall be treated by the Issuer, the Trustee and the Agents as the holder of such nominal amount of such Notes for all purposes other than with respect to the payment of principal or interest on such nominal amount of such Notes, for which purpose the bearer of the relevant Bearer Global Note or, as the case may be, the registered holder of the relevant Global Certificate shall be treated by the Issuer, the Trustee and any Agent as the holder of such nominal amount of such Notes in accordance with and subject to the terms of the relevant Global Note or, as the case may be, the relevant Global Certificate and the expressions "Noteholder" and "holder of Notes" and related expressions shall be construed accordingly.

Notes which are represented by a Global Note or a Global Certificate will be transferable only in accordance with the rules and procedures for the time being of Euroclear and Clearstream, Luxembourg, as the case may be. References to Euroclear and/or Clearstream, Luxembourg shall, whenever the context so permits, be deemed to include a reference to any additional or alternative clearing system specified in Part B of the applicable Final Terms.

2 Transfers of Registered Notes

(a) *Transfer of Registered Notes*

Subject as provided in Conditions 2(e) (*Closed Periods*) and (f) (*Regulations*), 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.

(b) 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.

(c) Delivery of New Certificates

Each new Certificate to be issued pursuant to Conditions 2(a) (*Transfer of Registered Notes*) or 2(b) (*Exercise of Options or Partial Redemption in respect of Registered Notes*) shall be available for delivery within three business days of receipt of the request for exchange, form of transfer or Put Notice (as defined in Condition 7(e) (*Redemption and Purchase - Redemption at the Option of the Noteholders (Senior Preferred Notes and Senior Non-Preferred Notes Only) (Investor Put*)) 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, Put 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, Put 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(c) (*Delivery of New Certificates*), "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).

(d) 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).

(e) Closed Periods

No Noteholder may require the transfer of a Registered Note to be registered (i) during the period of 15 days ending on the due date for redemption of that Note, (ii) after any such Note has been called for redemption or (iii) during the period of seven days ending on (and including) any Record Date.

(f) 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 free of charge by the Registrar to any holder of a Registered Note upon request.

3 Status of the Notes

(a) Status of Senior Preferred Notes

This Condition 3(a) shall apply if this Note is a Senior Preferred Note, as specified in the applicable Final Terms, and references in this Condition to Notes shall be construed accordingly.

The Notes and any relative Coupons are direct, unconditional, unsubordinated and (subject to the provisions of Condition 4 (*Negative Pledge (Senior Preferred Notes only)*)) unsecured obligations of the Issuer and (subject to the Ranking Legislation and to the provisions of Condition 4 (*Negative Pledge (Senior Preferred Notes only)*)) constitute ordinary non-preferential debts for the purposes of the Ranking Legislation. The 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 Note or any Coupon relating to a Note (or, in each case, any beneficial interest therein), each holder of a Note or a Coupon relating to a Note acknowledges and agrees that (subject to the Ranking Legislation and to the provisions of Condition 4 (*Negative Pledge (Senior Preferred Notes only)*)) the Notes and any such Coupons rank *pari passu* with all other outstanding unsecured and unsubordinated obligations in respect of 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 (ii) such deposits with, and loans to, the Issuer which are given priority pursuant to applicable statutory provisions).

(b) Status and Ranking of Senior Non-Preferred Notes; No set-off, etc.

This Condition 3(b) shall apply if this Note is a Senior Non-Preferred Note, as specified in the applicable Final Terms, and references in this Condition to Notes shall be construed accordingly.

The 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 Notes and the Coupons relating to them are direct 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 Notes and the Coupons relating to them rank junior to the Senior Preferred 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 Note or any Coupon relating to a Note (or, in each case, any beneficial interest therein), each holder of a Note or a Coupon relating to a Note acknowledges and agrees 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 Notes or the Coupons relating thereto (including, without limitation, any damages awarded for breach of the Issuer's obligations in respect thereof) 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, etc.

Subject to applicable law, no holder of a Note or a Coupon relating to a Note (or, in each case, any beneficial interest therein) may exercise or claim or plead any right of set-off (including, without limitation, compensation or retention), counterclaim or netting in respect of any amount owed to it by the Issuer arising under or in connection with any such Note or any Coupon relating to a Note and each Noteholder and Couponholder shall, by virtue of being the holder of (or holder of any beneficial interest in) any such Note or Coupon, be deemed to have waived all such rights of set-off (including, without limitation, compensation or retention), counterclaim or netting, 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 Note or a Coupon relating to a Note by the Issuer arising under or in connection with any such Note or Coupon relating to a Note is discharged by set-off (including, without limitation, compensation or retention), counterclaim or netting, 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, trustee 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, trustee, 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 Base Prospectus.

(c) Status of Subordinated Notes; No set-off, etc.

This Condition 3(c) shall apply if this Note is a Subordinated Note, as specified in the applicable Final Terms, and references in this Condition to Notes shall be construed accordingly.

(i) Status and Ranking

The Notes and any relative Coupons 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 Notes and any Coupons relating thereto rank junior to the Senior Preferred Notes, the Senior Non-Preferred Notes and (in each case) any Coupons relating thereto. The 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 Note or any Coupon relating to a Note (or, in each case, any beneficial interest therein), each holder of a Note or a Coupon relating to a Note acknowledges and agrees 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 Notes or the Coupons relating to them (including, without limitation, any damages awarded for breach of the Issuer's obligations in respect thereof) 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 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 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, etc.

Subject to applicable law, no holder of a Note or a Coupon relating to a Note (or, in each case, any beneficial interest therein) may exercise or claim or plead any right of set-off (including, without limitation, compensation or retention), counterclaim or netting in respect of any amount owed to it by the Issuer arising under or in connection with any such Note or any Coupon relating to a Note and each Noteholder and Couponholder shall, by virtue of being the holder of (or holder of any beneficial interest in) any such Note or Coupon, be deemed to have waived all such rights of set-off (including, without limitation, compensation or retention), counterclaim or netting, 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 Note or a Coupon relating to a Note by the Issuer arising under or in connection with any such Note or Coupon relating to a Note is discharged by set-off (including, without limitation, compensation or retention), counterclaim or netting, 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, trustee 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, trustee, 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 Base Prospectus.

(d) Definitions

As used in 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 7(n) (*Redemption and Purchase - Definitions*));

"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 17 (*Substitution*) and Clause 24 of the Trust Deed, and (ii) a dissolution of the Issuer following, or in connection with, a Permitted Transfer (as defined in Condition 10(a) (*Senior Preferred Notes*)) where the successor entity is substituted in place of the Issuer as principal debtor under the Trust Deed, the Notes and any relative Coupons;

"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 unsubordinated obligations (including, without limitation, Senior Preferred Notes and other ordinary non-preferential debts under the Ranking Legislation) of the Issuer and all other obligations of the Issuer which are preferred by law to secondary non-preferential debts; and (iii) (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 under the Ranking Legislation, including, for the avoidance of doubt, all claims in respect of Deferred Shares.

4 Negative Pledge (Senior Preferred Notes only)

This Condition 4 applies only if this Note is a Senior Preferred Note, and references in this Condition to Notes shall be construed accordingly.

So long as any of the Notes and any relative Coupons remain outstanding (as defined in the Trust Deed), the Issuer will neither create nor have outstanding any mortgage, lien (other than a lien arising by operation of law),

pledge, charge or other security interest upon the whole or any part of its undertaking or assets, present or future (including any uncalled capital), to secure any Loan Stock or any guarantee of or indemnity in respect of any Loan Stock without at the same time or prior thereto securing the Notes and the Coupons equally and rateably therewith to the satisfaction of the Trustee or providing such other security or other arrangements for the Notes and any relative Coupons as the Trustee in its absolute discretion shall deem to be not materially less beneficial to the Noteholders or which shall be approved by an Extraordinary Resolution (as defined in the Trust Deed) of the Noteholders.

As used in this Condition:

"Covered Bonds" means bonds, notes or other securities (however defined) designated by the Issuer as covered bonds and secured on a segregated pool of assets; and

"Loan Stock" means indebtedness which is in the form of, or represented or evidenced by, bonds, notes, debentures, loan stock or other securities (other than Covered Bonds) which for the time being are, or 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 placing), but excluding any such indebtedness which has a stated maturity not exceeding one year.

5 Interest

(a) Interest on Fixed Rate Notes

Each Fixed Rate Note bears interest on its outstanding principal amount from (and including) the Interest Commencement Date at the rate(s) per annum equal to the Rate(s) of Interest payable in arrear on the Interest Payment Date(s) in each year up to (but excluding) the Maturity Date. For so long as any of the Fixed Rate Notes is represented by a Global Note or Global Certificate held on behalf of Clearstream, Luxembourg and/or Euroclear, interest will be calculated on the full nominal amount outstanding of the Fixed Rate Notes and will be paid to Clearstream, Luxembourg and Euroclear for distribution by them to entitled accountholders in accordance with their usual rules and operating procedures. In respect of each definitive Fixed Rate Note, interest will be calculated on its outstanding nominal amount.

If the Notes are in definitive form, except as provided in the applicable Final Terms, the amount of interest payable on each Interest Payment Date in respect of the Fixed Interest Period ending on (but excluding) such date will amount to the Fixed Coupon Amount. Payments of interest on any Interest Payment Date will, if so specified in the applicable Final Terms, amount to the Broken Amount so specified.

As used in these Terms and Conditions, "Fixed Interest Period" means the period from (and including) an Interest Payment Date (or, if none, the Interest Commencement Date) to (but excluding) the next (or first) Interest Payment Date.

If interest is required to be calculated for a period other than a Fixed Interest Period or if, in the case of Notes in definitive form, no Fixed Coupon Amount is specified in the applicable Final Terms, such interest shall be calculated by applying the Rate of Interest to:

(A) in the case of Fixed Rate Notes which are represented by a Global Note or Global Certificate held on behalf of Clearstream, Luxembourg and/or Euroclear, the full nominal amount outstanding of the Fixed Rate Notes; or

(B) in the case of Fixed Rate Notes in definitive form, the Calculation Amount;

and, in each case multiplying such sum by the applicable Day Count Fraction (as defined in Condition 5(e) (*Interest – Day Count Fractions*) below.

The resultant figure (including after application of any Fixed Coupon Amount or Broken Amount to the Calculation Amount in the case of Fixed Rate Notes in definitive form) shall be rounded to the nearest sub-unit of the relevant Specified Currency, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention.

Where the Specified Denomination of a Fixed Rate Note in definitive form is a multiple of the Calculation Amount, the amount of interest payable in respect of such Fixed Rate Note shall be the product of the amount (determined in the manner provided above) for the Calculation Amount and the amount by which the Calculation Amount is multiplied to reach the Specified Denomination without any further rounding.

If no Day Count Fraction for Fixed Rate Notes is specified in the applicable Final Terms then the Day Count Fraction for such Notes shall be "30/360" for Notes denominated in United States dollars and "Actual/Actual (ICMA)" for all other Notes.

In these Terms and Conditions:

"sub-unit" means with respect to any currency other than euro, the lowest amount of such currency that is available as legal tender in the country of such currency and, with respect to euro, means one cent.

(b) Interest on Reset Notes

(i) Rates of Interest and Interest Payment Dates

Each Reset Note bears interest on its outstanding principal amount:

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

(B) from (and including) the First Reset Date to (but excluding) the Second Reset Date or, if no such Second Reset Date is specified in the applicable Final Terms, the Maturity Date at the rate per annum equal to the First Reset Rate of Interest; and

(C) if applicable, from (and including) the Second Reset Date to (but excluding) the first Subsequent Reset Date (if any, or otherwise the Maturity Date), and each successive period from (and including) any Subsequent Reset Date to (but excluding) the next succeeding Subsequent Reset Date (if any, or otherwise the Maturity Date) (each a "Subsequent Reset Period") at the rate per annum equal to the relevant Subsequent Reset Rate of Interest,

(in each case rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards) payable, in each case, in arrear on the Interest Payment Date(s) in each year and on the Maturity Date so specified if that does not fall on an Interest Payment Date.

Each Reset Rate of Interest and the corresponding amount of interest (the "Interest Amount") payable shall be determined by the Calculation Agent, (A) in the case of the Reset Rate of Interest, at or as soon as practicable after each time at which the Reset Rate of Interest is to be determined, and (B) in the case of the Interest Amount, in accordance with the provisions for calculating amounts of interest in Condition 5(a) (*Interest on Fixed Rate Notes*) and, for such purposes, references in the fourth paragraph of Condition 5(a) (*Interest on Fixed Rate Notes*) to "Fixed Rate

Notes" shall be deemed to be to "Reset Notes" and Condition 5(a) (*Interest on Fixed Rate Notes*) shall be construed accordingly.

In this Condition 5(b):

"CMT Rate" means, in relation to a Reset Period and the Reset Determination Date in relation to such Reset Period, the rate determined by the Calculation Agent, and expressed as a percentage, equal to:

(i) the yield for United States Treasury Securities at "constant maturity" for the CMT Designated Maturity, as published in the H.15 under the caption "treasury constant maturities (nominal)", as that yield is displayed on the CMT Rate Screen Page on such Reset Determination Date; or

(ii) if the yield referred to in paragraph (i) above is not published by 4:00 p.m. (New York City time) on the CMT Rate Screen Page on such Reset Determination Date, the yield for United States Treasury Securities at "constant maturity" for the CMT Designated Maturity as published in the H.15 under the caption "treasury constant maturities (nominal)" on such Reset Determination Date; or

(iii) if the yield referred to in paragraph (ii) above is not published by 4:30 p.m. (New York City time) on such Reset Determination Date, the CMT Reset Reference Bank Rate on such Reset Determination Date,

where:

"CMT Designated Maturity" has the meaning given to it in the applicable Final Terms;

"CMT Rate Screen Page" has the meaning given to it in the applicable Final Terms (or any successor service or such other page as may replace that page on that service for the purpose of displaying "treasury constant maturities" as reported in H.15);

"CMT Reset Reference Bank Rate" means the percentage rate determined by the Calculation Agent on the basis of the Reset United States Treasury Securities Quotations provided by the CMT Reset Reference Banks to the Calculation Agent at or around 4:30 p.m. (New York City time) on the relevant Reset Determination Date and, in either case, rounded, if necessary, to the nearest 0.001 per cent. (0.0005 per cent. being rounded upwards). If at least four quotations are provided, the CMT Reset Reference Bank Rate will be the rounded arithmetic mean of the quotations provided, eliminating the highest quotation (or, in the event of equality, one of the highest) and the lowest quotation (or, in the event of equality, one of the lowest). If only two or three quotations are provided, the CMT Reset Reference Bank Rate will be the rounded arithmetic mean of the quotations provided. If only one quotation is provided, the CMT Reset Reference Bank Rate will be the rounded quotation provided. If no quotations are provided, the CMT Reset Reference Bank Rate will be (i) the relevant CMT Rate but calculated as at the last available date preceding the relevant Reset Determination Date on which such a rate was published or (ii) (if this is later) the CMT Rate determined as at the last preceding Reset Determination Date (or, if there is no such preceding Reset Determination Date, the rate set out in the Final Terms as the "First Reset Period Fallback (CMT Rate)");

"CMT Reset Reference Banks" means five banks which are primary U.S. Treasury securities dealers or market makers in pricing corporate bond issues denominated in U.S. dollars in New York selected by the Issuer in its discretion;

"H.15" means the weekly statistical release designated as H.15, or any successor publication, published by the board of governors of the Federal Reserve System at https://www.federalreserve.gov/releases/H15/ or any successor site or publication;

"Reset United States Treasury Securities" means, on the relevant Reset Determination Date, United States Treasury Securities with an original maturity equal to the CMT Designated Maturity, a remaining term to maturity of no more than one year shorter than the CMT Designated Maturity and in a principal amount equal to an amount that is representative for a single transaction in such United States Treasury Securities in the New York City market. If two or more United States Treasury Securities have remaining terms to maturity of no more than one year shorter than the CMT Designated Maturity, the United States Treasury Security with the longer remaining term to maturity will be used and if two or more United States Treasury Securities have remaining terms to maturity equally close to the duration of the CMT Designated Maturity, the United States Treasury Security with the largest nominal amount outstanding will be used;

"Reset United States Treasury Securities Quotation" means, in relation to a Reset Period and the Reset Determination Date in relation to such Reset Period, the rate quoted by a CMT Reset Reference Bank as being a yield-to-maturity based on the secondary market bid price of such CMT Reset Reference Bank for Reset United States Treasury Securities at approximately 4:30 p.m. (New York City time) on such Reset Determination Date; and

"United States Treasury Securities" means securities that are direct obligations of the United States Treasury, issued other than on a discount rate basis;

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

"First Reset Date" means the date specified as such in the applicable Final Terms;

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

"First Reset Rate of Interest" means, in respect of the First Reset Period (subject, if the Reset Reference Rate specified hereon is 'Mid-Swaps', to Condition 5(b)(ii) (*Fallbacks for Mid-Swap Rate*)), the rate of interest determined by the Calculation Agent on the relevant Reset Determination Date as the sum (converted, if necessary, from the frequency basis (e.g. annual, semi-annual or otherwise) for the CMT Rate, Mid-Swap Rate (being the Fixed Leg Swap Duration) or 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) of (A) the relevant Reset Reference Rate and (B) the First Margin;

"Fixed Leg Swap Duration" has the meaning specified in the applicable Final Terms;

"Floating Leg Swap Duration" has the meaning specified in the applicable Final Terms;

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

"Mid-Market Swap Rate" means (subject to Condition 5(b)(ii) (*Fallbacks for Mid-Swap Rate*) and (if applicable) Condition 5(f) (*Benchmark Discontinuation*)) 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 (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 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 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(f) (*Benchmark Discontinuation*), 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, in relation to a Reset Period and the Reset Determination Date in relation to such Reset Period, and subject to Condition 5(b)(ii) (*Fallbacks for Mid-Swap Rate*) and (if applicable) Condition 5(f) (*Benchmark Discontinuation*), 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 Reset Date,

which appears on the Relevant Screen Page or such replacement page on that service which displays the information; 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 Reset Date,

which appear on the Relevant Screen Page or such replacement page on that service which displays the information,

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;

"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, the government bond or bonds 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 Specified Currency 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;

"Relevant Screen Page" means the screen page specified in the applicable Final Terms (or any successor or replacement screen displaying the relevant information);

"Reset Business Day" means a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in any Business Centre specified in the applicable Final Terms;

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

"Reset Determination Date" means, in respect of a Reset Period, the second Reset Business Day prior to the first day of such Reset Period;

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

"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 (i) if 'CMT Rate' is specified in the applicable Final Terms, the CMT Rate, (ii) if 'Mid-Swaps' is specified in the applicable Final Terms the Mid-Swap Rate, or (iii) if 'Reference Bond' is specified in the applicable Final Terms, the Reference Bond Yield;

"Second Reset Date" means the date specified as such in the applicable Final Terms;

"Subsequent Margin" means the margin specified as such in the applicable Final Terms;

"Subsequent Reset Date" means the date or dates specified as such in the applicable Final Terms; and

"Subsequent Reset Rate of Interest" means, in respect of any Subsequent Reset Period (subject, if the Reset Reference Rate specified hereon is 'Mid-Swaps', to Condition 5(b)(ii) (*Fallbacks for Mid-Swap Rate*)), the rate of interest determined by the Calculation Agent on the relevant Reset Determination Date as the sum (converted, if necessary, from the frequency basis (e.g. annual, semi-annual or otherwise) for the CMT Rate, Mid-Swap Rate (being the Fixed Leg Swap Duration) or 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), of (A) the relevant Reset Reference Rate and (B) the relevant Subsequent Margin.

(ii) Fallbacks for Mid-Swap Rate

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 (other than in the circumstances provided for

in Condition 5(f) (*Benchmark Discontinuation*)), the Calculation Agent shall request each of the Mid-Swap 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 Mid-Swap 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 above) 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 of the Mid-Swap Reference Banks provides the Calculation Agent with a Mid-Market Swap Rate Quotation as provided in the foregoing provisions of this paragraph, the First Reset Rate of Interest or the Subsequent Reset Rate of Interest (as applicable) shall be the sum (converted as set out in the definition of such term above) of (rounded, if necessary, to the nearest 0.001 per cent. (0.0005 per cent. being rounded upwards)) of the relevant Mid-Market Swap Rate Quotation and the First Margin or the relevant Subsequent Margin (as applicable), all as determined by the Calculation Agent.

If on any Reset Determination Date none of the Mid-Swap Reference Banks provides the Calculation Agent with a Mid-Market Swap Rate Quotation as provided in the foregoing provisions of this Condition 5(b)(ii) (*Fallbacks for Mid-Swap Rate*), 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 Reset Reference Rate were equal to:

(A) 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 Reset Date, whether or not this is the case); or

(B) 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 (A) 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(b)(ii) (*Fallbacks for Mid-Swap Rate*) "Mid-Swap 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.

(iii) Notification of First Reset Rate of Interest, Subsequent Reset Rate of Interest and Interest Amount

The Calculation Agent will cause the First Reset Rate of Interest, any Subsequent Reset Rate of Interest and, in respect of a Reset Period, the Interest Amount payable on each Interest Payment Date falling in such Reset Period to be notified to the Issuer, the Principal Paying Agent, the Trustee and any competent authority or stock exchange by or on which the relevant Reset Notes are for the time being listed and notice thereof to be published in accordance with Condition 15 (*Notices*) as soon as possible after their determination but in no event later than the fourth London Business Day (as defined in Condition 5(c)(vii) (*Notification of Rate of Interest and Interest Amounts*)) thereafter.

(iv) 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(b) (*Interest on Reset Notes*) by the Calculation Agent shall (in the absence of manifest error) be binding on the Issuer, the Trustee, the Calculation Agent, the other Paying Agents and all Noteholders and Couponholders and (in the absence of wilful default or fraud) no liability to the Issuer, 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.

(c) Interest on Floating Rate Notes

(i) Interest Payment Dates

Each Floating Rate Note bears interest on its outstanding principal amount from (and including) the Interest Commencement Date at a rate equal to the applicable Rate of Interest and such interest will be payable in arrear on either:

(A) the Specified Interest Payment Date(s) in each year specified in the applicable Final Terms; or

(B) if no Specified Interest Payment Date(s) is/are specified in the applicable Final Terms, each date (each such date, together with each Specified Interest Payment Date, an "Interest Payment Date") which falls on the number of months or other period specified as the Specified Period in the applicable Final Terms after the preceding Interest Payment Date or, in the case of the first Interest Payment Date, after the Interest Commencement Date.

Such interest will be payable in respect of each Interest Period. In these Terms and Conditions, "Interest Period" means the period from (and including) an Interest Payment Date (or, if none, the Interest Commencement Date) to (but excluding) the next (or first) Interest Payment Date) or the relevant payment date if the Notes become payable on a date other than the Interest Payment Date.

For so long as any of the Floating Rate Notes is represented by a Global Note or a Global Certificate held on behalf of Clearstream, Luxembourg and/or Euroclear, interest will be calculated on the full nominal amount outstanding of the relevant Notes and will be paid to Clearstream, Luxembourg and Euroclear for distribution by them to entitled accountholders in accordance with their usual rules and operating procedures. In respect of each definitive Floating Rate Note, interest will be calculated on its outstanding nominal amount.

(ii) Business Day Convention

If a Business Day Convention is specified in the applicable Final Terms and (x) if there is no numerically corresponding day in the calendar month in which an Interest Payment Date should occur or (y) if any Interest Payment Date would otherwise fall on a day which is not a Business Day, then, if the Business Day Convention specified is:

(A) in any case where Specified Periods are specified in accordance with Condition 5(c)(i)(B) above, the "Floating Rate Convention", such Interest Payment Date (i) in the case of (x) above, shall be the last day that is a Business Day in the relevant month and the provisions of (B) below shall apply *mutatis mutandis* or (ii) in the case of (y) above, shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event (A) such Interest Payment Date shall be brought forward to the immediately preceding Business Day and (B) each subsequent Interest Payment Date shall be the last Business Day in the month which falls the Specified Period after the preceding applicable Interest Payment Date occurred; or

(B) the "Following Business Day Convention", such Interest Payment Date shall be postponed to the next day which is a Business Day; or

(C) the "Modified Following Business Day Convention", such Interest Payment Date shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event such Interest Payment Date shall be brought forward to the immediately preceding Business Day; or

(D) the "Preceding Business Day Convention", such Interest Payment Date shall be brought forward to the immediately preceding Business Day; or

(E) the "Modified Preceding Business Day Convention", such Interest Payment Date shall be brought forward to the immediately preceding Business Day unless it would thereby fall into the previous calendar month, in which event such Interest Payment Date shall be postponed to the next day which is a Business Day.

In these Terms and Conditions, "Business Day" means a day which is both:

(A) a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in London and each Additional Business Centre (other than T2) specified in the applicable Final Terms;

(B) if T2 is specified as an Additional Business Centre in the applicable Final Terms, a day on which the Trans-European Automated Real-time Gross Settlement Express Transfer System or any successor or replacement for that system ("T2") is open; and

(C) either (1) in relation to any sum payable in a Specified Currency other than euro, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the principal financial centre of the country of the relevant Specified Currency (if other than London and any Additional Business Centre and which, if the Specified Currency is Australian dollars or New Zealand dollars shall be Sydney and Auckland, respectively) or (2) in relation to any sum payable in euro, a day on which T2 is open.

(iii) Rate of Interest

In these Terms and Conditions, "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 applicable provisions below.

Unless otherwise stated in the applicable Final Terms, a Minimum Rate of Interest of zero shall be deemed to apply to each Rate of Interest.

(A) *Screen Rate Determination – Term Rate*

(1) Where 'Term Rate' is specified in the applicable Final Terms as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Period will, subject as provided in Condition 5(c)(iv) (*Minimum and/or Maximum Rate of Interest*) and Condition 5(f) (*Benchmark Discontinuation*) below, be either:

(a) the offered quotation (if there is only one quotation on the Relevant Screen Page); or

(b) 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, as the case may be, on the Relevant Screen Page (or such replacement page on that service which displays the information) at the Specified Time (as specified in the applicable Final Terms) on the Interest Determination Date in question plus or minus (as indicated in the applicable Final Terms) the relevant Margin (if any), all as determined by the Principal Paying Agent or the Calculation Agent, as applicable. 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 Principal Paying Agent or the Calculation Agent, as applicable, for the purpose of determining the arithmetic mean (rounded as provided above) of such offered quotations.

(2) If the Relevant Screen Page is not available or if no offered quotation appears on the Relevant Screen Page or fewer than three offered quotations appear on the Relevant Screen Page, in each case as at the Specified Time, the Issuer shall request each of the Reference Banks (as defined in the Agency Agreement) to provide the Principal Paying Agent with its offered quotation (expressed as a percentage rate per annum) for the Reference Rate as at approximately the Specified Time on the Interest Determination Date in question. If two or more of the Reference Banks provide the Principal Paying Agent with offered quotations, the Rate of Interest for such Interest Period shall be the arithmetic mean (rounded if necessary to the fifth decimal place with 0.000005 being rounded upwards) of such offered quotations plus or minus (as indicated in the applicable Final Terms) the relevant Margin (if any), all as determined by the Principal Paying Agent.

(3) If on any Interest Determination Date one only or none of the Reference Banks provides the Principal Paying Agent with an offered quotation as provided in the preceding paragraph, the Rate of Interest for the relevant Interest Period shall be the rate per annum which the Principal Paying Agent determines as being either:

(a) the arithmetic mean (rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards) of the rates, as communicated to the Principal Paying Agent (at the request of the Issuer) by the Reference Banks or any two or more of them, at which such banks were offered, at approximately the Specified 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 the Euro-zone inter-bank market (if the Reference Rate is EURIBOR) or otherwise the inter-bank market of the Relevant Financial Centre for the relevant Reference Rate, in each case plus or minus (as indicated in the applicable Final Terms) the relevant Margin (if any); or

(b) in the event that the Principal Paying Agent can determine no such arithmetic mean, the lowest lending rate for lending amounts in the Specified Currency for a period equal to that which would have been used for the Reference Rate at approximately the Specified Time on the relevant Interest Determination Date, at which any one or more banks (which bank or banks is or are in the opinion of the Issuer suitable for such purpose) informs the Principal Paying Agent (at the request of the Issuer) it is quoting to leading banks in the Euro-zone inter-bank market (if the Reference Rate is EURIBOR) or otherwise the inter-bank market of the Relevant Financial Centre, in each case plus or minus (as indicated in the applicable Final Terms) the relevant Margin (if any),

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:

(i) that determined as at the last preceding Interest Determination Date (though substituting, where a different Margin, Maximum Rate of Interest and/or Minimum Rate of Interest is/are to be applied to the relevant Interest Period from that which applied to the last preceding Interest Period, the Margin, Maximum Rate of Interest and/or Minimum Rate of Interest (as applicable) relating to the relevant Interest Period in place of the Margin, Maximum Rate of Interest and/or Minimum Rate of Interest (as applicable) relating to that last preceding Interest Period); or

(ii) if there is no such preceding Interest Determination Date, the initial Rate of Interest (but substituting, where a different Margin, Maximum Rate of Interest and/or Minimum Rate of Interest is/are to be applied to the relevant Interest Period from that which applied to the initial Interest Period, the Margin, Maximum Rate of Interest and/or Minimum Rate of Interest (as the case may be) relating to the relevant Interest Period in place of the Margin, Maximum Rate of Interest and/or Minimum Rate of Interest (as applicable) relating to that initial Interest Period) or, in the case of Notes with an Interest Basis that converts from a Fixed Rate to a Floating Rate, the Fixed Rate of Interest applicable to such Notes immediately prior to conversion of the Interest Basis.

Unless otherwise stated in the applicable Final Terms, the Minimum Rate of Interest shall be deemed to be zero.

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

(1) Where (i) 'Overnight Rate' is 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 an Interest Accrual Period will, subject to Condition 5(f) (*Benchmark Discontinuation*) and as provided below, be Compounded Daily SONIA 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" 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) as calculated by the Calculation Agent as at the relevant Interest Determination Date in accordance with the following formula (and the resulting percentage will be rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards):

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

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;

"do" 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 'do', 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;

"ni" 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

"$SONIA_i$" 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(f) (*Benchmark Discontinuation*), 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.

(3) In the event that the Rate of Interest cannot be determined by the Calculation Agent in accordance with the foregoing provisions of this Condition 5(c)(iii)(B), and without prejudice to Condition 5(f) (*Benchmark Discontinuation*), the Rate of Interest shall be:

(a) that determined as at the last preceding Interest Determination Date on which the Rate of Interest was so determined (though substituting, where a different Margin, Maximum Rate of Interest and/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, Maximum Rate of Interest and/or Minimum Rate of Interest (as the case may be) relating to the relevant Interest Accrual Period in place of the Margin, Maximum Rate of Interest and/or Minimum Rate of Interest (as applicable) relating to that last preceding Interest Accrual Period); or

(b) if there is no such preceding Interest Determination Date, the initial Rate of Interest which would have been applicable to the Notes for the first scheduled Interest Period had the Notes been in issue for a period equal in duration to the first scheduled Interest Period but ending on (and excluding) the Interest Commencement Date (applying the Margin and, if applicable, any Maximum Rate of Interest and/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) 'Overnight Rate' is 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(f) (*Benchmark Discontinuation*) 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:

where: $$\left(\frac{SONIA\ Compounded\ Index_{End}}{SONIA\ Compounded\ Index_{Start}}\right) x \frac{365}{d}$$

"d" is the number of calendar days from (and including) the day in relation to which SONIA Compounded $Index_{Start}$ is determined to (but excluding) the day in relation to which SONIA Compounded $Index_{End}$ 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 $Index_{Start}$" 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 $Index_{End}$" 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) *Screen Rate Determination – Overnight Rate – SOFR – Non-Index Determination*

(1) This Condition 5(c)(iii)(D) applies where (i) 'Overnight Rate' is 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 either 'Compounded Daily SOFR' or 'Weighted Average SOFR' and (iii) 'Index Determination' is specified in the applicable Final Terms as being 'Not Applicable'.

Where the applicable Final Terms specifies the Reference Rate to be '*Compounded Daily SOFR*', the provisions of paragraph (2) below of this Condition 5(c)(iii)(D) apply.

Where the applicable Final Terms specifies the Reference Rate to be "*Weighted Average SOFR*", the provisions of paragraph (3) below of this Condition 5(c)(iii)(D) apply.

(2) *Compounded Daily SOFR*

Where this paragraph (2) applies, the Rate of Interest for an Interest Accrual Period will, subject to Condition 5(f) (*Benchmark Discontinuation*) and as provided below, be Compounded Daily SOFR 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 SOFR" means, with respect to an Interest Accrual Period, the rate of return of a daily compound interest investment (with the daily U.S. dollars secured overnight financing rate as reference rate for the calculation of interest) as calculated by the Calculation Agent as at the relevant Interest Determination Date in accordance with the following formula (and the resulting percentage will be rounded if necessary to the nearest fifth decimal place, with 0.000005 being rounded upwards):

$$\left[\prod_{i=1}^{d_o}\left(1+\frac{SOFR_i \times n_i}{360}\right)-1\right]\times\frac{360}{d}$$

$$\left[\prod_{i=1}^{d_o}\left(1+\frac{SOFR_{\mathrm{i}} \times \mathrm{n_i}}{360}\right)-1\right]\times\frac{360}{d}$$

where:

"d" is the number of calendar days in:

(i) where 'Lag' or 'Lock-out' 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;

"do" is the number of U.S. Government Securities Business Days in:

(i) where 'Lag' or 'Lock-out' 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 'do', each representing the relevant U.S. Government Securities Business Day in chronological order from, and including, the first U.S. Government Securities Business Day in:

(i) where 'Lag' or 'Lock-out' 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;

"Lock-out Period" means the period from (and including) the day following the Interest Determination Date to (but excluding) the corresponding Interest Payment Date;

"New York Fed's Website" means the website of the Federal Reserve Bank of New York (or a successor administrator of SOFR) or any successor source;

"n_i" for any U.S. Government Securities Business Day 'i', means the number of calendar days from (and including) such U.S. Government Securities Business Day 'i' up to (but excluding) the following U.S. Government Securities Business Day;

"Observation Period" means the period from (and including) the date falling 'p' U.S. Government Securities Business Days prior to the first day of the relevant Interest Accrual Period to (but excluding) the date falling 'p' U.S. Government Securities Business Days prior to (a) (in the case of an Interest Period) the Interest Payment Date for such Interest Period or (b) (in the case of any other Interest Accrual Period) the date on which the relevant payment of interest falls due;

"p" means:

(i) where 'Lag' is specified as the Observation Method in the applicable Final Terms, the number of U.S. Government Securities Business Days specified as the 'Lag Period' in the applicable Final Terms (or, if no such number is so specified, five U.S. Government Securities Business Days);

(ii) where 'Lock-out' is specified as the Observation Method in the applicable Final Terms, zero U.S. Government Securities Business Days; or

(iii) where 'Observation Shift' is specified as the Observation Method in the applicable Final Terms, the number of U.S. Government Securities Business Days specified as the 'Observation Shift Period' in the applicable Final Terms (or, if no such number is specified, five U.S. Government Securities Business Days);

"Reference Day" means each U.S. Government Securities Business Day in the relevant Interest Accrual Period, other than any U.S. Government Securities Business Day in the Lock-out Period;

"SOFR" in respect of any U.S. Government Securities Business Day ("$USBD_x$"), is a reference rate equal to the daily secured overnight financing rate as provided by the Federal Reserve Bank of New York, as the administrator of such rate (or any successor administrator of such rate) on the New York Fed's Website, in each case at or around 3.00 p.m. (New York City time) on the U.S. Government Securities Business Day immediately following such $USBD_x$;

"$SOFR_i$" means the SOFR for:

(iv) where 'Lag' is specified as the Observation Method in the applicable Final Terms, the U.S. Government Securities Business Day falling 'p' U.S. Government Securities Business Days prior to the relevant U.S. Government Securities Business Day 'i';

(v) where 'Lock-out' is specified as the Observation Method in the applicable Final Terms:

(x) in respect of each U.S. Government Securities Business Day 'i' that is a Reference Day, the SOFR in respect of the U.S. Government Securities Business Day immediately preceding such Reference Day; or

(y) in respect of each U.S. Government Securities Business Day 'i' that is not a Reference Day (being a U.S. Government Securities Business Day in the Lock-out Period), the SOFR in respect of the U.S. Government Securities Business Day immediately preceding the last Reference Day of the relevant Interest Accrual Period (such last Reference Day coinciding with the Interest Determination Date); or

(vi) where 'Observation Shift' is specified as the Observation Method in the applicable Final Terms, the relevant U.S. Government Securities Business Day 'i'; and

"U.S. Government Securities Business Day" means any day except for a Saturday, Sunday or a day on which the Securities Industry and Financial Markets Association recommends that the fixed income departments of its members be closed for the entire day for purposes of trading in U.S. government securities.

(3) *Weighted Average SOFR*

Where this paragraph (3) applies, the Rate of Interest for an Interest Accrual Period will, subject to Condition 5(f) (*Benchmark Discontinuation*) and as provided below, be the Weighted Average SOFR with respect to such Interest Accrual Period plus or minus (as indicated in the applicable Final Terms) the applicable Margin (if any), all as calculated by the Calculation Agent as of the Interest Determination Date (and rounded, if necessary, to the fifth decimal place, with 0.000005 being rounded upwards), where:

"Weighted Average SOFR" means:

(a) where 'Lag' is specified as the Observation Method in the applicable Final Terms, the arithmetic mean of the SOFR in effect for each calendar day during the relevant Observation Period, calculated by multiplying each

relevant SOFR by the number of calendar days such rate is in effect, determining the sum of such products and dividing such sum by the number of calendar days in the relevant Observation Period. For these purposes, the SOFR in effect for any calendar day which is not a U.S. Government Securities Business Day shall be deemed to be the SOFR in effect for the U.S. Government Securities Business Day immediately preceding such calendar day; and

(b) where 'Lock-out' is specified as the Observation Method in the applicable Final Terms, the arithmetic mean of the SOFR in effect for each calendar day during the relevant Interest Accrual Period, calculated by multiplying each relevant SOFR by the number of days such rate is in effect, determining the sum of such products and dividing such sum by the number of calendar days in the relevant Interest Accrual Period, provided however that for any calendar day of such Interest Accrual Period falling in the Lock-out Period, the relevant SOFR for each day during that Lock-out Period will be deemed to be the SOFR in effect for the Reference Day immediately preceding the first day of such Lock-out Period. For these purposes, the SOFR in effect for any calendar day which is not a U.S. Government Securities Business Day shall, subject to the proviso above, be deemed to be the SOFR in effect for the U.S. Government Securities Business Day immediately preceding such calendar day.

Defined terms used in this paragraph (3) and not otherwise defined herein have the meanings given to them in paragraph (2) above of this Condition 5(c)(iii)(D).

(4) *SOFR Unavailable*

Subject to Condition 5(f) (*Benchmark Discontinuation*), if, where any Rate of Interest is to be calculated pursuant to this Condition 5(c)(iii)(D), in respect of any U.S. Government Securities Business Day in respect of which an applicable SOFR is required to be determined, such SOFR is not available, such SOFR shall be the SOFR for the first preceding U.S. Government Securities Business Day in respect of which the SOFR was published on the New York Fed's Website.

In the event that the Rate of Interest cannot be determined in accordance with the foregoing provisions of this Condition 5(c)(iii)(D) but without prejudice to Condition 5(f) (*Benchmark Discontinuation*), the Rate of Interest shall be calculated in accordance, *mutatis mutandis*, with the provisions of Condition 5(c)(iii)(B)(3).

(E) *Screen Rate Determination – Overnight Rate - SOFR - Index Determination*

(1) Where (i) 'Overnight Rate' is 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 'Compounded Daily SOFR' 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(f) (*Benchmark Discontinuation*) and as provided below, be the Compounded SOFR 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 SOFR" means, with respect to an Interest Accrual Period, the rate (expressed as a percentage and rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards) determined by the Calculation Agent in accordance with the following formula:

$$\left(\frac{SOFR\ Index_{End}}{SOFR\ Index_{Start}} - 1\right) \times \frac{360}{d_c}$$

where:

"d_c" is the number of calendar days from (and including) the day in relation to which SOFR $Index_{Start}$ is determined to (but excluding) the day in relation to which SOFR $Index_{End}$ is determined;

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

"SOFR" means the daily secured overnight financing rate as provided by the SOFR Administrator on the SOFR Administrator's Website;

"SOFR Administrator" means the Federal Reserve Bank of New York (or a successor administrator of SOFR);

"SOFR Administrator's Website means the website of the SOFR Administrator, or any successor source;

"SOFR Index", with respect to any U.S. Government Securities Business Day, means the SOFR index value as published by the SOFR Administrator as such index appears on the SOFR Administrator's Website at or around 3.00 p.m. (New York time) on such U.S. Government Securities Business Day (the "SOFR Determination Time");

"SOFR $Index_{Start}$", with respect to an Interest Accrual Period, is the SOFR Index value for the day which is the Relevant Number of U.S. Government Securities Business Days preceding the first day of such Interest Accrual Period;

"SOFR $Index_{End}$", with respect to an Interest Accrual Period, is the SOFR Index value for the day which is the Relevant Number of U.S. Government Securities Business Days preceding (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); and

"U.S. Government Securities Business Day" means any day except for a Saturday, Sunday or a day on which the Securities Industry and Financial Markets Association recommends that the fixed income departments of its members be closed for the entire day for purposes of trading in U.S. government securities.

(2) If, as at any relevant SOFR Determination Time, the relevant SOFR Index is not published or displayed on the SOFR Administrator's Website by the SOFR Administrator, the Compounded SOFR for the applicable Interest Accrual Period for which the relevant SOFR Index is not available shall be 'Compounded Daily

SOFR' determined in accordance with Condition 5(c)(iii)(D) above as if '*Index Determination*' were specified in the applicable Final Terms as being 'Not Applicable', and for these purposes: (a) the '*Observation Method*' shall be deemed to be '*Observation Shift*' and (b) the '*Observation Shift Period*' shall be deemed to be equal to the Relevant Number of U.S. Government Securities Business Days, as if such alternative elections had been made in the applicable Final Terms.

(F) *Screen Rate Determination – Overnight Rate - Compounded Daily €STR – Non-Index Determination*

(1) Where (i) 'Overnight Rate' is 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 €STR and (iii) 'Index Determination' is specified in the applicable Final Terms as being 'Not Applicable', the Rate of Interest for an Interest Accrual Period will, subject to Condition 5(f) (*Benchmark Discontinuation*) and as provided below, be the Compounded Daily €STR 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 €STR" means, with respect to an Interest Accrual Period, the rate of return of a daily compound interest investment (with the daily euro short-term rate as reference rate for the calculation of interest) as calculated by the Calculation Agent as at the relevant Interest Determination Date in accordance with the following formula (and the resulting percentage will be rounded if necessary to the nearest fifth decimal place, with 0.000005 being rounded upwards):

$$\left[\prod_{i=1}^{d_o}\left(1+\frac{€STR_i \times n_i}{360}\right)-1\right]\times\frac{360}{d}$$

where:

the "€STR reference rate", in respect of any TARGET Business Day ("TBD_x"), is a reference rate equal to the daily euro short-term rate ("€STR") for such TBD_x as provided by the European Central Bank as the administrator of €STR (or any successor administrator of such rate) on the website of the European Central Bank (or, if no longer published on its website, as otherwise published by it or provided by it 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 TARGET Business Day immediately following TBD_x (in each case, at the time specified by, or determined in accordance with, the applicable methodology, policies or guidelines, of the European Central Bank or the successor administrator of such rate);

"$€STR_i$" means the €STR reference rate for:

(i) where 'Lag' is specified as the Observation Method in the applicable Final Terms, the TARGET Business Day falling 'p' TARGET Business Days prior to the relevant TARGET Business Day 'i'; or

(ii) where 'Observation Shift' is specified as the Observation Method in the applicable Final Terms, the relevant TARGET Business Day 'i'.

"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_o" is the number of TARGET Business 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_o', each representing the relevant TARGET Business Day in chronological order from, and including, the first TARGET Business 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;

"n_i" for any TARGET Business Day 'i', means the number of calendar days from (and including) such TARGET Business Day 'i' up to (but excluding) the following TARGET Business Day;

"Observation Period" means the period from (and including) the date falling 'p' TARGET Business Days prior to the first day of the relevant Interest Accrual Period to (but excluding) the date falling 'p' TARGET Business Days prior to (A) (in the case of an Interest Period) the Interest Payment Date for such Interest Period or (B) (in the case of any other Interest Accrual Period) the date on which the relevant payment of interest falls due;

"p" means:

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

(ii) where 'Observation Shift' is specified as the Observation Method in the applicable Final Terms, the number of TARGET Business Days specified as the 'Observation Shift Period' in the applicable Final Terms (or, if no such number is specified, five TARGET Business Days); and

"TARGET Business Day" means any day on which T2 is open.

(2) Subject to Condition 5(f) (*Benchmark Discontinuation*), if, where any Rate of Interest is to be calculated pursuant to Condition 5(c)(iii)(F)(1) above, in respect

of any TARGET Business Day in respect of which an applicable €STR reference rate is required to be determined, such €STR reference rate is not made available on the Relevant Screen Page or has not otherwise been published by the relevant authorised distributors, then the €STR reference rate in respect of such TARGET Business Day shall be the €STR reference rate for the first preceding TARGET Business Day in respect of which €STR reference rate was published by the European Central Bank on its website, as determined by the Calculation Agent.

(3) In the event that the Rate of Interest cannot be determined in accordance with the foregoing provisions of this Condition 5(c)(iii)(F), but without prejudice to Condition 5(f) (*Benchmark Discontinuation*), the Rate of Interest shall be calculated in accordance, *mutatis mutandis*, with the provisions of Condition 5(c)(iii)(B)(3).

(G) *Interest Accrual Period*

As used herein, an "Interest Accrual Period" means (as the context admits) (a) each Interest Period and (b) 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).

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

Where 'Overnight Rate' is specified in the applicable Final Terms as the manner in which the Rate of Interest is to be determined, if the Notes become due and payable in accordance with Condition 10, the final Rate of Interest shall be calculated for the Interest Accrual Period to (but excluding) the date on which such Notes become so due and payable, and such Rate of Interest on such Notes shall, for so long as interest continues to accrue thereon as provided in Condition 5(d) and the Trust Deed, continue to apply to the Notes.

(iv) Minimum and/or Maximum Rate of Interest

If the applicable Final Terms specifies a Minimum Rate of Interest for any Interest Period, and if, but for this Condition 5(c)(iv), the Rate of Interest in respect of such Interest Period determined in accordance with the provisions of paragraph (iii) above (or any Interest Accrual Period falling within such Interest Period) is less than such Minimum Rate of Interest, the Rate of Interest for such Interest Period (or such Interest Accrual Period falling within such Interest Period) shall be equal to such Minimum Rate of Interest.

If the applicable Final Terms specifies a Maximum Rate of Interest for any Interest Period, then, in the event that the Rate of Interest in respect of such Interest Period determined in accordance with the provisions of paragraph (iii) above (or any Interest Accrual Period falling within such Interest Period) is greater than such Maximum Rate of Interest, the Rate of Interest for such Interest Period (or such Interest Accrual Period falling within such Interest Period) shall be equal to such Maximum Rate of Interest.

(v) Determination of Rate of Interest and Calculation of Interest Amounts

The Principal Paying Agent or the Calculation Agent, as applicable, will at or as soon as practicable after each time at which the Rate of Interest is to be determined, determine the Rate of Interest for the relevant Interest Accrual Period.

The Principal Paying Agent or the Calculation Agent, as applicable, will calculate the amount of interest (the "Interest Amount") payable on the Floating Rate Notes for the relevant Interest Accrual Period by applying the Rate of Interest to:

(A) in the case of Floating Rate Notes which are represented by a Global Note or Global Certificate held on behalf of Clearstream, Luxembourg and/or Euroclear, the full nominal amount outstanding of the relevant Notes; or

(B) in the case of Floating Rate Notes in definitive form, the Calculation Amount;

and, in each case, multiplying such sum by the applicable Day Count Fraction, and rounding the resultant figure to the nearest sub-unit of the relevant Specified Currency, half of any such subunit being rounded upwards or otherwise in accordance with applicable market convention.

Where the Specified Denomination of a Floating Rate Note in definitive form is a multiple of the Calculation Amount, the Interest Amount payable in respect of such Note shall be the product of the amount (determined in the manner provided above) for the Calculation Amount and the amount by which the Calculation Amount is multiplied to reach the Specified Denomination without any further rounding.

(vi) 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 Principal Paying Agent or the Calculation Agent, as applicable, 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 shorter or, as the case may be, next longer, then the Principal Paying Agent or the Calculation Agent, as applicable, shall determine such rate at such time and by reference to such sources as the Issuer in consultation with an Independent Adviser (as defined in Condition 5(f) (*Benchmark Discontinuation*)) determines appropriate.

In this Condition:

"Designated Maturity" means the period of time designated in the Reference Rate.

(vii) Notification of Rate of Interest and Interest Amounts

(A) Except where the applicable Final Terms specifies 'Overnight Rate' to be 'Applicable', the Principal Paying Agent or the Calculation Agent, as applicable, will cause the Rate of Interest and each Interest Amount for each Interest Period and the relevant Interest Payment Date to be notified to the Issuer, the Trustee and any competent authority or stock exchange by or on which the relevant Floating Rate Notes are for the time being listed and notice thereof to be published in accordance with Condition 15 (*Notices*) as soon as possible after their determination but in no event later than the fourth London Business Day thereafter. Each Interest Amount and Interest Payment Date so notified may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without prior notice in the event of an extension or shortening of the Interest Period. Any such amendment will be promptly notified to each relevant competent authority or stock exchange by or on which the relevant Floating Rate Notes are for the

time being listed and to the Noteholders in accordance with Condition 15 (*Notices*). For the purposes of this paragraph, the expression "London Business Day" means a day (other than a Saturday or a Sunday) on which banks and foreign exchange markets are open for business in London.

(B) Where the applicable Final Terms specifies 'Overnight Rate' to be 'Applicable', the Calculation Agent will cause the Rate of Interest and each Interest Amount for each Interest Accrual Period and the relevant Interest Payment Date to be notified to the Issuer, the Trustee and any competent authority or stock exchange by or on which the relevant Floating Rate Notes are for the time being listed and notice thereof to be published in accordance with Condition 15 (*Notices*) as soon as possible after their determination but in no event later than the second London Business Day thereafter. Each Rate of Interest, Interest Amount and Interest Payment Date so notified may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without prior notice in the event of an extension or shortening of the relevant Interest Accrual Period. Any such amendment will be promptly notified to each relevant competent authority or stock exchange by or on which the relevant Floating Rate Notes are for the time being listed and to the Noteholders in accordance with Condition 15 (*Notices*). For the purposes of this paragraph, the expression "London Business Day" means a day (other than a Saturday or a Sunday) on which banks and foreign exchange markets are open for business in London.

(viii) 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(c) (*Interest on Floating Rate Notes*) by the Principal Paying Agent or the Calculation Agent, as applicable, shall (in the absence of manifest error) be binding on the Issuer, the Trustee, the Principal Paying Agent, the Paying Agents and the Transfer Agents and all Noteholders and Couponholders and (in the absence of wilful default or fraud) no liability to the Issuer, the Noteholders or the Couponholders shall attach to the Principal Paying Agent or the Calculation Agent, as applicable, in connection with the exercise or non-exercise by it of its powers, duties and discretions pursuant to such provisions.

(d) Accrual of Interest

Each Note (or in the case of the redemption of part only of a Note, that part only of such Note) will cease to bear interest (if any) from the date for its redemption unless, upon due presentation thereof, payment of principal is improperly withheld or refused. In such event, interest will continue to accrue as provided in the Trust Deed.

(e) Day Count Fractions

In this Condition 5 (*Interest*):

"Day Count Fraction" means, in respect of the calculation of an amount of interest for any Fixed Interest Period or Interest Period, as applicable:

(i) if "Actual/Actual (ICMA)" is specified in the applicable Final Terms:

(A) in the case of Notes where the number of days in the relevant period from (and including) the most recent Interest Payment Date (or, if none, the Interest Commencement Date) to (but excluding) the relevant payment date (the "Accrual Period") is equal to or shorter than the Determination Period during which the Accrual Period ends, the number of days

in such Accrual Period divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Dates (as specified in the applicable Final Terms) that would occur in one calendar year; or

(B) in the case of Notes where the Accrual Period is longer than the Determination Period during which the Accrual Period ends, the sum of:

(1) the number of days in such Accrual Period falling in the Determination Period in which the Accrual Period begins divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Dates (as specified in the applicable Final Terms) that would occur in one calendar year; and

(2) the number of days in such Accrual Period falling in the next Determination Period divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Dates that would occur in one calendar year; and

(ii) if "Actual/Actual (ISDA)" or "Actual/Actual" is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 365 (or, if any portion of that Interest Period falls in a leap year, the sum of (A) the actual number of days in that portion of the Interest Period falling in a leap year divided by 366 and (B) the actual number of days in that portion of the Interest Period falling in a non-leap year divided by 365);

(iii) if "Actual/365 (Fixed)" is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 365;

(iv) if "Actual/365 (Sterling)" is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 365 or, in the case of an Interest Payment Date falling in a leap year, 366;

(v) if "Actual/360" is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 360;

(vi) if "30/360", "360/360" or "Bond Basis" is specified in the applicable Final Terms, the number of days in the Fixed Interest Period or Interest 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_1" is the year, expressed as a number, in which the first day of the Interest Period falls;

"Y_2" is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

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

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

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

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

(vii) if "30E/360" or "Eurobond Basis" is specified in the applicable Final Terms, the number of days in the Interest 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_1" is the year, expressed as a number, in which the first day of the Interest Period falls;

"Y_2" is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

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

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

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

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

(viii) if "30E/360 (ISDA)" is specified in the applicable Final Terms, the number of days in the Interest 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_1" is the year, expressed as a number, in which the first day of the Interest Period falls;

"Y_2" is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

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

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

"D_1" is the first calendar day, expressed as a number, of the Interest Period, unless (i) that day is the last day of February or (ii) such number would be 31, in which case D1 will be 30; and

"D_2" is the calendar day, expressed as a number, immediately following the last day included in the Interest 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_2 will be 30; and

"Determination Period" means the period from (and including) a Determination Date to (but excluding) the next Determination Date (including, where either the Interest Commencement

Date or the final Interest Payment Date is not a Determination Date, the period commencing on the first Determination Date prior to, and ending on the first Determination Date falling after, such date).

(f) Benchmark Discontinuation

This Condition 5(f) applies in respect of each issue of Floating Rate Notes and Reset Notes unless 'Benchmark Discontinuation' is specified in the applicable Final Terms to be 'Not Applicable'.

If the applicable Final Terms specify 'Benchmark Replacement' to be 'Applicable', the provisions of Condition 5(f)(i) apply, together with the other provisions of this Condition 5(f) (other than Condition 5(f)(ii)).

If the applicable Final Terms specify 'Benchmark Transition' to be 'Applicable', the provisions of Condition 5(f)(ii) apply, together with the other provisions of this Condition 5(f) (other than Condition 5(f)(i)).

(i) Benchmark Replacement

Notwithstanding the provisions above in this Condition 5 (*Interest*), if the Issuer determines that a Benchmark Event has occurred in relation to an Original Reference Rate when any Rate of Interest or Reset Rate of Interest (or any component part thereof) remains to be determined by reference to such Original Reference Rate, then the following provisions shall apply:

(A) *Independent Adviser*

The Issuer shall use reasonable endeavours to appoint, as soon as reasonably practicable, an Independent Adviser (as defined below) to determine (acting in good faith and in a commercially reasonable manner), no later than 5 Business Days prior to the relevant Interest Determination Date or Reset Determination Date (as applicable) relating to the next succeeding Interest Period or Reset Period (as applicable) (the "IA Determination Cut-off Date"), a Successor Rate (as defined below) or, alternatively, if there is no Successor Rate, an Alternative Reference Rate (as defined below) for purposes of determining the Rate of Interest or Reset Rate of Interest (or the relevant component part thereof) applicable to the Notes.

(B) Successor Rate or Alternative Reference Rate

If a Successor Rate or, failing which, an Alternative Reference Rate (as applicable) is determined in accordance with the preceding provisions, such Successor Rate or, failing which, such Alternative Reference Rate (as applicable), adjusted by the applicable Adjustment Spread as provided below, shall be the Reference Rate, Mid-Swap Floating Leg Benchmark Rate or other applicable benchmark or reference rate (as applicable) for each of the future Interest Periods or Reset Periods (as applicable) (subject to the subsequent operation of this Condition 5(f), if applicable); *provided*, however, that if the Independent Adviser is unable to or does not determine a Successor Rate or an Alternative Reference Rate or (in either case) the applicable Adjustment Spread prior to the relevant Interest Determination Date or Reset Determination Date (as applicable), the Rate of Interest or Reset Rate of Interest applicable to the next succeeding Interest Period or Reset Period (as applicable) shall be determined in accordance with Condition 5(f)(vii).

(C) *Adjustment Spread*

If a Successor Rate or Alternative Reference Rate is determined in accordance with the foregoing provisions, the Independent Adviser will determine in good faith the Adjustment Spread to be applied to such Successor Rate or Alternative Reference Rate (as the case may be) for each subsequent determination of a relevant Rate of Interest or Reset Rate of Interest (or a relevant component part thereof) by reference to such Successor Rate or Alternative Reference Rate (as applicable).

(D) *Benchmark Amendments*

If the Independent Adviser determines a Successor Rate or, failing which, an Alternative Reference Rate (as applicable) and (in either case) the applicable Adjustment Spread in accordance with the above provisions, the Independent Adviser may also specify changes ("Benchmark Amendments") to these Conditions (including, but not limited, to the Day Count Fraction, Relevant Screen Page, Business Day Convention, Business Days, Interest Determination Date, Reset Determination Date and/or the definition of Reference Rate, Mid-Swap Floating Leg Benchmark Rate or other applicable benchmark or reference rate applicable to the Notes, and the method for determining the fallback rate in relation to the Notes) in order to follow market practice in relation to the Successor Rate or the Alternative Reference Rate (as applicable).

For the avoidance of doubt, the Trustee and Principal Paying Agent shall, at the direction and expense of the Issuer, effect such consequential amendments to the Trust Deed, the Agency Agreement and these Conditions as may be required in order to give effect to the Benchmark Amendments and the Trustee and Principal Paying Agent shall not be liable to any party for any consequences thereof, provided that the Trustee and Principal Paying Agent shall not be obliged to effect such changes if, in the sole opinion of the Trustee or Principal Paying Agent, respectively, doing so would impose more onerous obligations on it or expose it to any additional duties, responsibilities or liabilities or reduce or amend rights and/or protective provisions afforded to the Trustee or the Principal Paying Agent in these Conditions or the Trust Deed or the Agency Agreement (including, for the avoidance of doubt, any supplemental Trust Deed or supplement agency agreement) in any way.

Noteholder consent shall not be required in connection with effecting the Successor Rate or Alternative Reference Rate (as applicable), Adjustment Spread, Benchmark Amendments or such other changes, including for the execution of any documents or other steps by the Trustee or Principal Paying Agent (if required).

In connection with any such variation of the Conditions, 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.

(E) *Notice and certification*

The Issuer shall, promptly following the determination of any Successor Rate or Alternative Reference Rate (as applicable) and the applicable Adjustment Spread, give notice and certification thereof in accordance with Condition 5(f)(iii) below.

(F) *Definitions*

For the purposes of this Condition 5(f)(i) (*Benchmark Replacement*):

"Adjustment Spread" means either a spread (which, for the avoidance of doubt, may be positive, negative or zero) or a formula or methodology for calculating a spread, which the Independent Adviser (in consultation with the Issuer) determines is required to be applied to the Successor Rate or the Alternative Reference Rate (as applicable) and which:

(i) in the case of a Successor Rate, is formally recommended or 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; or

(ii) in the case of a Successor Rate for which no such recommendation has been made or option provided, or in the case of an Alternative Reference Rate, the Independent Adviser (in consultation with the Issuer) determines is recognised or acknowledged as being in customary market usage (or reflects an industry-accepted rate, formula or methodology) in international debt capital markets transactions which reference the Original Reference Rate, where such rate has been replaced by the Successor Rate or the Alternative Reference Rate (as applicable); or

(iii) if no such customary market usage (or industry-accepted rate) is recognised or acknowledged, the Independent Adviser (in consultation with the Issuer) determines (acting in good faith and in a commercially reasonable manner) 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 (iii), of reducing or eliminating any economic prejudice or benefit (as applicable) to the Noteholders and Couponholders;

"Alternative Reference Rate" means the rate that the Independent Adviser determines has replaced the relevant 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 in respect of bonds denominated in the Specified Currency and of a comparable duration to the relevant Interest Period or Reset Period (as applicable), or, if the Independent Adviser or the Issuer (as applicable) determines that there is no such rate, such other rate as the Independent Adviser determines in its discretion (acting in good faith and in a commercially reasonable manner) is most comparable to the relevant Original Reference Rate;

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

(1) the Original Reference Rate ceasing to exist or to be published or administered on a permanent or indefinite basis; or

(2) 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 or will be appointed that will continue publication of the Original Reference Rate); or

(3) the making of a public statement by the supervisor of the administrator of the Original Reference Rate, that the Original Reference Rate has been or will be permanently or indefinitely discontinued; or

(4) 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

(5) it has, or will prior to the next Interest Determination Date or Reset Determination Date (as applicable), become unlawful for any Paying Agent, Calculation Agent or the Issuer 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 forms part of domestic law in the United Kingdom under the European Union (Withdrawal) Act 2018, as amended, if applicable),

provided that in the case of paragraphs (2) to (4) above, the Benchmark Event shall occur on:

(i) in the case of (2) above, the date of the cessation of the publication of the Original Reference Rate;

(ii) in the case of (3) above, the discontinuation of the Original Reference Rate; or

(iii) in the case of (4) 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 (other than the Issuer or its affiliates) or other independent adviser experienced in the international debt capital markets, in each case appointed by the Issuer at its own expense;

"Original Reference Rate" means the originally-specified benchmark, mid-swap floating leg benchmark rate, screen rate or other applicable reference rate (as applicable) used to determine the Rate of Interest or Reset Rate of Interest (or any component part thereof) on the Notes (provided that if, following one or more Benchmark Events, such originally specified benchmark, mid-swap floating leg benchmark rate, screen rate or other applicable reference rate (or any Successor Rate or Alternative Reference Rate which has replaced it) has been replaced by a (or a further) Successor Rate or Alternative Reference Rate and a Benchmark Event subsequently occurs in respect of such Successor Rate or Alternative Reference Rate, the term "Original Reference Rate" shall include any such Successor Rate or Alternative Reference Rate);

"Relevant Nominating Body" means, in respect of a benchmark, mid-swap floating leg benchmark rate, screen rate or other applicable reference rate (as applicable):

(1) the central bank for the currency to which the benchmark, mid-swap floating leg benchmark rate, screen rate or other applicable reference rate (as applicable) relates, or any central bank or other supervisory authority which is responsible for supervising the administrator of the benchmark, mid-swap floating leg benchmark rate, screen rate or other applicable reference rate (as applicable); or

(2) 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, mid-swap floating leg benchmark rate, screen rate or other applicable reference rate (as applicable) relates, (b) any central bank or other supervisory authority which is responsible for supervising the administrator of the benchmark, mid-swap floating leg benchmark rate, screen rate or other applicable reference 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; and

"Successor Rate" means the rate that the Independent Adviser determines is a successor to or replacement of the Original Reference Rate which is formally recommended by any Relevant Nominating Body.

(ii) Benchmark Transition

Notwithstanding the provisions above in this Condition 5 (*Interest*), if the Issuer determines that a Benchmark Transition Event and its related Benchmark Replacement Date has occurred in relation to an Original Reference Rate when any Rate of Interest or Reset Rate of Interest (or any component part thereof) remains to be determined by reference to such Original Reference Rate, then the following provisions shall apply:

(A) *Independent Adviser*

The Issuer shall use reasonable endeavours to appoint, as soon as reasonably practicable, an Independent Adviser (as defined below) to determine (acting in good faith and in a commercially reasonable manner), no later than 5 Business Days prior to the relevant Interest Determination Date or Reset Determination Date (as applicable) relating to the next succeeding Interest Period or Reset Period (as applicable) (the "IA Determination Cut-off Date"), the Benchmark Replacement which will replace such Original Reference Rate for all purposes relating to the Notes in respect of all determinations on such date and for all determinations on all subsequent dates (subject to any subsequent amendment of this Condition 5(f)(ii) with respect to such Benchmark Replacement) and any Benchmark Replacement Conforming Changes.

Any Benchmark Replacement so determined by the Independent Adviser shall have effect for any subsequent determination of any relevant Rate of Interest or Reset Rate of Interest (subject to any further application of this Condition 5(f)(ii) with respect to such Benchmark Replacement), subject, if any associated Benchmark Replacement Conforming Changes are required in connection therewith, to such Benchmark Replacement Conforming Changes becoming effective in accordance with the following provisions.

If the Independent Adviser is unable to or does not determine a Benchmark Replacement prior to the relevant Interest Determination Date or Reset Determination Date (as applicable), the Rate of Interest or Reset Rate of Interest applicable to the next succeeding Interest Period or Reset Period (as applicable) shall be determined in accordance with Condition 5(f)(vii).

(B) *Benchmark Replacement Conforming Changes*

If the Independent Adviser considers it necessary to make such Benchmark Replacement Conforming Changes, the Independent Adviser shall determine the terms of such Benchmark Replacement Conforming Changes, and the Trustee and Principal Paying Agent shall, subject as follows, at the direction and expense of the Issuer, effect such

consequential amendments to the Trust Deed, the Agency Agreement and these Conditions as may be required in order to give effect to this Condition 5(f)(ii) (*Benchmark Transition*).

For the avoidance of doubt, the Trustee and Principal Paying Agent shall, at the direction and expense of the Issuer, effect such consequential amendments to the Trust Deed, the Agency Agreement and these Conditions as may be required in order to give effect to the Benchmark Replacement Conforming Changes and the Trustee and Principal Paying Agent shall not be liable to any party for any consequences thereof, *provided that* the Trustee and Principal Paying Agent shall not be obliged to effect such changes if, in the sole opinion of the Trustee or Principal Paying Agent, respectively, doing so would impose more onerous obligations on it or expose it to any additional duties, responsibilities or liabilities or reduce or amend rights and/or protective provisions afforded to the Trustee or the Principal Paying Agent in these Conditions or the Trust Deed or the Agency Agreement (including, for the avoidance of doubt, any supplemental Trust Deed or supplement agency agreement) in any way.

Noteholder consent shall not be required in connection with effecting the Benchmark Replacement, any Benchmark Replacement Conforming Changes or such other changes, including for the execution of any documents or other steps by the Trustee or Principal Paying Agent (if required).

In connection with any such variation of the Conditions, 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.

(C) *Definitions*

For the purposes of this Condition 5(f)(ii) (*Benchmark Transition*):

"Benchmark Replacement" means the first alternative set forth in the order below that can be determined by the Independent Adviser as of the Benchmark Replacement Date:

(1) the sum of: (a) the alternate rate of interest that has been selected or recommended by the Relevant Governmental Body as the replacement for the Original Reference Rate for the applicable Corresponding Tenor and (b) the Benchmark Replacement Adjustment;

(2) the sum of: (a) the ISDA Fallback Rate and (b) the Benchmark Replacement Adjustment; or

(3) the sum of: (a) the alternate rate of interest that has been selected by the Independent Adviser as the replacement for the Original Reference Rate for the applicable Corresponding Tenor giving due consideration to any industry-accepted rate of interest as a replacement for the then-current benchmark for U.S. dollar-denominated floating rate notes at such time and (b) the Benchmark Replacement Adjustment;

"Benchmark Replacement Adjustment" means the first alternative set forth in the order below that can be determined by the Independent Adviser as of the Benchmark Replacement Date:

(1) the spread adjustment, or method for calculating or determining such spread adjustment, (which may be a positive or negative value or zero) that has been

selected or recommended by the Relevant Governmental Body for the applicable Unadjusted Benchmark Replacement;

(2) if the applicable Unadjusted Benchmark Replacement is equivalent to the ISDA Fallback Rate, the ISDA Fallback Adjustment; or

(3) the spread adjustment (which may be a positive or negative value or zero) that has been selected by the Independent Adviser giving due consideration to any industry-accepted spread adjustment, or method for calculating or determining such spread adjustment, for the replacement of the then-current benchmark with the applicable Unadjusted Benchmark Replacement for U.S. dollar-denominated floating rate notes at such time;

"Benchmark Replacement Conforming Changes" means, with respect to any Benchmark Replacement, any technical, administrative or operational changes (including changes to any Interest Period, Interest Accrual Period, Reset Period, the timing and frequency of determining rates and making payments of interest, rounding of amounts or tenors, and other administrative matters) that the Independent Adviser decides may be appropriate to reflect the adoption of such Benchmark Replacement in a manner substantially consistent with market practice (or, if the Independent Adviser decides that adoption of any portion of such market practice is not administratively feasible or if the Independent Adviser determines that no market practice for use of the Benchmark Replacement exists, in such other manner as the Independent Adviser determines is reasonably necessary);

"Benchmark Replacement Date" means the earliest to occur of the following events with respect to the Original Reference Rate (including the daily published component used in the calculation thereof):

(1) in the case of clause (1) or (2) of the definition of "Benchmark Transition Event", the later of (a) the date of the public statement or publication of information referenced therein and (b) the date on which the administrator of the Original Reference Rate permanently or indefinitely ceases to provide the Original Reference Rate (or such component); or

(2) in the case of clause (3) of the definition of "Benchmark Transition Event," the date of the public statement or publication of information referenced therein.

For the avoidance of doubt, if the event that gives rise to the Benchmark Replacement Date occurs on the same day as, but earlier than (where the Rate of Interest is to be determined pursuant to Condition 5(c)(iii)(A)) the Specified Time or (in any other case) the customary or scheduled time for publication of the relevant reference rate in accordance with the then-prevailing operational procedures of the administrator of such reference rate or, as the case may be, of the other relevant information service publishing such reference rate, on, the relevant Interest Determination Date, the Benchmark Replacement Date will be deemed to have occurred prior to such time for such determination;

"Benchmark Transition Event" means the occurrence of one or more of the following events with respect to the Original Reference Rate (including the daily published component used in the calculation thereof):

(1) a public statement or publication of information by or on behalf of the administrator of the Original Reference Rate (or such component) announcing that such

administrator has ceased or will cease to provide the Original Reference Rate (or such component), permanently or indefinitely, provided that, at the time of such statement or publication, there is no successor administrator that will continue to provide the Original Reference Rate (or such component); or

(2) a public statement or publication of information by the regulatory supervisor for the administrator of the Original Reference Rate (or such component), the central bank for the currency of the Original Reference Rate (or such component), an insolvency official with jurisdiction over the administrator for the Original Reference Rate (or such component), a resolution authority with jurisdiction over the administrator for the Original Reference Rate (or such component) or a court or an entity with similar insolvency or resolution authority over the administrator for the Original Reference Rate, which states that the administrator of the Original Reference Rate (or such component) has ceased or will cease to provide the Original Reference Rate (or such component) permanently or indefinitely, provided that, at the time of such statement or publication, there is no successor administrator that will continue to provide the Original Reference Rate (or such component); or

(3) a public statement or publication of information by the regulatory supervisor for the administrator of the Original Reference Rate announcing that the Original Reference Rate is no longer representative;

"Corresponding Tenor" means, with respect to a Benchmark Replacement, a tenor (including overnight) having approximately the same length (disregarding business day adjustment) as the applicable tenor for the Original Reference Rate;

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

"ISDA Definitions" means the 2021 ISDA Definitions, as published by the International Swaps and Derivatives Association, Inc. and as amended and updated as at the Issue Date of the first Tranche of the Notes;

"ISDA Fallback Adjustment" means the spread adjustment (which may be a positive or negative value or zero) that would apply for derivatives transactions referencing the ISDA Definitions to be determined upon the occurrence of an index cessation event with respect to the Original Reference Rate;

"ISDA Fallback Rate" means the rate that would apply for derivatives transactions referencing the ISDA Definitions to be effective upon the occurrence of an index cessation date with respect to the Original Reference Rate for the applicable tenor excluding the applicable ISDA Fallback Adjustment;

"Original Reference Rate" means the originally-specified benchmark, mid-swap floating leg benchmark rate, screen rate or other applicable reference rate (as applicable) used to determine the Rate of Interest or Reset Rate of Interest (or any component part thereof) on the Notes (provided that if, following one or more Benchmark Transition Events, such originally specified benchmark, mid-swap floating leg benchmark rate, screen rate or other applicable reference rate (as applicable) (or any benchmark used in any Benchmark Replacement which has replaced it (the "Replacement Benchmark")) has been replaced

by a (or a further) Replacement Benchmark and a Benchmark Transition Event subsequently occurs in respect of such Replacement Benchmark, the term "Original Reference Rate" shall be deemed to include any such Replacement Benchmark);

"Relevant Governmental Body" means the Federal Reserve Board and/or the Federal Reserve Bank of New York, or a committee officially endorsed or convened by the Federal Reserve Board and/or the Federal Reserve Bank of New York or any successor thereto; and

"Unadjusted Benchmark Replacement" means the Benchmark Replacement excluding the Benchmark Replacement Adjustment.

(iii) *Notice and certification, etc.*

The Issuer shall notify the Trustee, the Principal Paying Agent, the Calculation Agent, the Paying Agents and, in accordance with Condition 15 (*Notices*), the Noteholders, promptly of any Successor Rate, Alternative Reference Rate, Adjustment Spread and/or Benchmark Replacement, and the specific terms of any Benchmark Amendments or Benchmark Replacement Conforming Changes (as applicable), determined under this Condition 5(f) (*Benchmark Discontinuation*). Such notice shall be irrevocable and shall specify the effective date of the Benchmark Amendments or Benchmark Replacement Conforming Changes (as applicable), 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 (x) that a Benchmark Event or a Benchmark Transition Event (as applicable) has occurred, (y) the Successor Rate or Alternative Reference Rate and (in either case) the applicable Adjustment Spread or, as the case may be, the Benchmark Replacement and (z) the specific terms of the Benchmark Amendments or Benchmark Replacement Conforming Changes (if any), as applicable, in each case as determined in accordance with the provisions of this Condition 5(f) (*Benchmark Discontinuation*); and

(B) certifying that the Benchmark Amendments or Benchmark Replacement Conforming Changes (as applicable) are necessary to ensure the proper operation of (as applicable) (A) such Successor Rate or Alternative Reference Rate and (in either case) the applicable Adjustment Spread or (B) such Benchmark Replacement;

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

(iv) *Survival of Original Reference Rate*

Without prejudice to the Issuer's obligations under the provisions of this Condition 5(f) (*Benchmark Discontinuation*), the Original Reference Rate and the fallback provisions provided for in Condition 5(b) (*Interest on Reset Notes*) and Condition 5(c) (*Interest on Floating Rate Notes*), as applicable, will continue to apply unless and until the Calculation Agent has been notified, in accordance with Condition 5(f)(iii) (*Notice and certification, etc.*) of (as the case may be):

(A) the Successor Rate or the Alternative Reference Rate (as the case may be), and (in either case) the Adjustment Spread and Benchmark Amendments (if any) determined in accordance with Condition 5(f)(i); or

(B) the Benchmark Replacement and Benchmark Replacement Conforming Changes (if any) determined in accordance with Condition 5(f)(ii).

(v) *Restriction on Independent Adviser and Issuer liability*

An Independent Adviser appointed pursuant to this Condition 5(f) (*Benchmark Discontinuation*) shall act in good faith.

In the absence of bad faith or fraud, neither the Issuer nor any Independent Adviser shall have any liability whatsoever to the Trustee, the Paying Agents, the Principal Paying Agent, the Paying Agents, the Calculation Agent or the Noteholders or Couponholders for any determination made by the Issuer or the Independent Adviser or (in the case of the Independent Adviser) for any advice given by it to the Issuer in connection with any determination pursuant to this Condition 5(f) (*Benchmark Discontinuation*).

(vi) *Regulatory Capital / Eligible Liabilities*

Notwithstanding any other provision of this Condition 5(f) (*Benchmark Discontinuation*), the Issuer shall not be required to adopt any Successor Rate, Alternative Reference Rate, Adjustment Spread or Benchmark Replacement, nor to effect any Benchmark Amendments or Benchmark Replacement Conforming Changes, if and to the extent that, in the determination of the Issuer, the same could reasonably be expected either:

(A) (if this Note is a Subordinated Note or a Senior Non-Preferred Note) to prejudice the qualification of the Notes as Tier 2 Capital and/or as eligible liabilities or loss absorbing capacity instruments for the purposes of any Loss Absorption Regulations; or

(B) (if this Note is a Senior Non-Preferred Note only) to result in the relevant Supervisory Authority treating the relevant Interest Payment Date or the Reset Date, as the case may be, as the effective maturity date of the Notes, rather than the relevant Maturity Date specified in the applicable Final Terms.

In such event, the Issuer shall be entitled to apply the provisions of this Condition 5(f) (*Benchmark Discontinuation*) with such further adjustments as it considers necessary to avoid the consequences described under (A) and/or (B) above, provided that the Issuer, acting in good faith and in a commercially reasonable manner, has determined that so doing shall not be materially less favourable to Noteholders and Couponholders than failing to apply the provisions of this Condition 5(f) (*Benchmark Discontinuation*) at all.

(vii) *Fallbacks*

If, following the occurrence of:

(A) a Benchmark Event; or

(B) a Benchmark Transition Event (and its related Benchmark Replacement Date),

in respect of the Original Reference Rate, on the immediately following Interest Determination Date or Reset Determination Date (as applicable):

(1) (in the case of (A) above) no Successor Rate or Alternative Reference Rate (as applicable) is determined pursuant to Condition 5(f)(i) (*Benchmark Replacement*) or (as the case may be) a Successor Rate or Alternative Reference Rate (as applicable) is determined, but no Adjustment Spread is determined pursuant to Condition 5(f)(i) (*Benchmark Replacement*); or

(2) (in the case of (B) above) no Benchmark Replacement is determined in accordance with Condition 5(f)(ii) (*Benchmark Transition*),

or (in any such case) the Issuer is otherwise unable for any reason (including pursuant to Condition 5(f)(vi) (*Regulatory Capital / Eligible Liabilities*)) to implement any such Successor Rate, Alternative Reference Rate, Adjustment Spread or Benchmark Replacement (as the case may be) that has been determined, the original benchmark, mid-swap floating leg benchmark rate, screen rate or other applicable reference rate (as applicable) will continue to apply for the purposes of determining such Rate of Interest or Reset Rate of Interest on such Interest Determination Date or Reset Determination Date (as the case may be), with the effect that the fallback provisions provided in Condition 5(b) (*Interest on Reset Notes*) and Condition 5(c) (*Interest on Floating Rate Notes*), as applicable, will continue to apply to such determination.

In such circumstances, the Issuer will be required, at least once per year thereafter, to attempt to re-apply the provisions of this Condition 5(f) (*Benchmark Discontinuation*), *mutatis mutandis*, on one or more occasions until:

(x) (in the case of (A) above) a Successor Rate or Alternative Reference Rate and (in either case) the applicable Adjustment Spread and any Benchmark Amendments; or

(y) (in the case of (B) above) the Benchmark Replacement and any Benchmark Replacement Conforming Changes,

have been determined and notified in accordance with this Condition 5(f) (and, until such determination and notification (if any), the fallback provisions provided in Condition 5(b) (*Interest on Reset Notes*) and Condition 5(c) (*Interest on Floating Rate Notes*), as applicable, will continue to apply).

(g) Preparation in anticipation of a Benchmark Event or a Benchmark Transition Event

If the Issuer anticipates that a Benchmark Event or a Benchmark Transition Event, as applicable, will or may occur, nothing in these Conditions shall prevent the Issuer (in its sole discretion) from taking, prior to the occurrence of such Benchmark Event or a Benchmark Transition Event, such actions as it considers expedient in order to prepare for applying the provisions of this Condition 5(f) (*Benchmark Discontinuation*) (including, without limitation, appointing an Independent Adviser to identify any Successor Rate, Alternative Reference Rate, Adjustment Spread, Benchmark Amendments, Benchmark Replacement and/or Benchmark Replacement Conforming Changes, as applicable), provided that no Successor Rate, Alternative Reference Rate, Adjustment Spread, Benchmark Amendments, Benchmark Replacement and/or Benchmark Replacement Conforming Changes will take effect until the relevant Benchmark Event, or the relevant Benchmark Transition Event and its related Benchmark Replacement Date, as applicable, has occurred.

6 Payments

(a) *Method of Payment*

Subject as provided below:

(i) payments in a Specified Currency other than euro will be made by credit or transfer to an account in the relevant Specified Currency, maintained by the payee with, or, at the option of the payee, by a cheque in such Specified Currency drawn on, a bank in the principal financial centre of the country of such Specified Currency (which, if the Specified Currency is Australian dollars or New Zealand dollars, shall be Sydney and Auckland, respectively); and

(ii) payments will be made in euro by credit or transfer to a euro account (or any other account to which euro may be credited or transferred) specified by the payee or, at the option of the payee, by a euro cheque.

Payments will be subject in all cases to (i) any fiscal or other laws and regulations applicable thereto in the place of payment, but without prejudice to the provisions of Condition 8 (*Taxation*) 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 any law implementing an intergovernmental approach thereto.

(b) Presentation of Definitive Bearer Notes and Coupons

Payments of principal in respect of definitive Bearer Notes will (subject as provided below) be made in the manner provided in Condition 6(a) (*Method of Payment*) above only against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of definitive Bearer Notes, and payments of interest in respect of definitive Bearer Notes will (subject as provided below) be made as aforesaid only against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of Coupons, in each case at the specified office of any Paying Agent outside the United States (which expression, as used herein, means the United States of America (including the States and the District of Columbia, its territories, its possessions and other areas subject to its jurisdiction)).

Fixed Rate Notes in definitive bearer form (other than Long Maturity Notes (as defined below)) should be presented for payment together with all unmatured Coupons appertaining thereto (which expression shall for this purpose include Coupons falling to be issued on exchange of matured Talons), failing which the amount of any missing unmatured Coupon (or, in the case of payment not being made in full, the same proportion of the amount of such missing unmatured Coupon as the sum so paid bears to the sum due) will be deducted from the sum due for payment. Each amount of principal so deducted will be paid in the manner mentioned above against surrender of the relative missing Coupon at any time before the expiry of 10 years after the Relevant Date (as defined in Condition 8 (*Taxation*)) in respect of such principal (whether or not such Coupon would otherwise have become void under Condition 9 (*Prescription*)) or, if later, five years from the date on which such Coupon would otherwise have become due, but in no event thereafter.

Upon any Fixed Rate Note in definitive bearer form becoming due and repayable prior to its Maturity Date, all unmatured Talons (if any) appertaining thereto will become void and no further Coupons will be issued in respect thereof.

Upon the date on which any Floating Rate Note, Reset Note or Long Maturity Note in definitive bearer form becomes due and repayable, unmatured Coupons and Talons (if any) relating thereto (whether or not attached) shall become void and no payment or, as the case may be, exchange for further Coupons shall be made in respect thereof. A "Long Maturity Note" is a Fixed Rate Note in definitive bearer form (other than a Fixed Rate Note which on issue had a Talon attached) whose nominal amount on issue is less than the aggregate interest payable thereon provided that such Note shall cease to be a Long Maturity

Note on the Interest Payment Date on which the aggregate amount of interest remaining to be paid after that date is less than the nominal amount of such Note.

If the due date for redemption of any definitive Bearer Note is not an Interest Payment Date, interest (if any) accrued in respect of such Note from (and including) the preceding Interest Payment Date or, as the case may be, the Interest Commencement Date shall be payable only against surrender of the relevant definitive Bearer Note.

(c) *Payments in respect of Bearer Global Notes*

Payments of principal and interest (if any) in respect of Notes represented by any Bearer Global Note in bearer form will (subject as provided below) be made in the manner specified above in relation to definitive Bearer Notes and otherwise in the manner specified in the relevant Bearer Global Note against presentation or surrender, as the case may be, of such Bearer Global Note at the specified office of any Paying Agent outside the United States. A record of each payment made against presentation or surrender of any Bearer Global Note, distinguishing between any payment of principal and any payment of interest, will be made on such Bearer Global Note by the Paying Agent to which it is presented and such record shall be *prima facie* evidence that the payment in question has been made.

(d) *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 Condition 6(d)(ii) (*Registered Notes*) below.

(ii) Payments of interest on each Registered Note (whether or not in global form) shall be made in the relevant currency drawn on a bank in the principal financial centre of the country of such Specified Currency and mailed to the holder (or to the first named of joint holders) of such Note at its address appearing in the Register (i) where in global form, at the close of the business day (being for this purpose a day on which Euroclear and Clearstream, Luxembourg are open for business) before the relevant due date, and (ii) where in definitive form, at the close of business on the fifteenth day (whether or not such fifteenth day is a business day) before the relevant due date (the "Record Date"). Upon application by the holder to the specified office of the Registrar or any Transfer Agent before the Record Date and such payment of interest may be made by transfer to an account in the relevant Specified Currency maintained by the payee with a bank in the principal financial centre of the country of such currency.

(e) *General Provisions Applicable to Payments*

The holder of a Global Note or Global Certificate shall be the only person entitled to receive payments in respect of Notes represented by such Global Note or Global Certificate and the Issuer will be discharged by payment to, or to the order of, the holder of such Global Note or Global Certificate in respect of each amount so paid. Each of the persons shown in the records of Euroclear or Clearstream, Luxembourg as the beneficial holder of a particular nominal amount of Notes represented by such Global Note or Global Certificate must look solely to Euroclear or Clearstream, Luxembourg, as the case may be, for their share of each payment so made by the Issuer to, or to the order of, the holder of such Global Note or Global Certificate.

Notwithstanding the foregoing provisions of this Condition, if any amount of principal and/or interest in respect of Bearer Notes is payable in U.S. dollars, such U.S. dollar payments of principal and/or interest in respect of such Notes will be made at the specified office of a Paying Agent in the United States if:

(i) the Issuer has appointed Paying Agents with specified offices outside the United States with the reasonable expectation that such Paying Agents would be able to make payment in U.S. dollars at such specified offices outside the United States of the full amount of principal and interest on the Bearer Notes in the manner provided above when due;

(ii) payment of the full amount of such principal and interest at all such specified offices outside the United States is illegal or effectively precluded by exchange controls or other similar restrictions on the full payment or receipt of principal and interest in U.S. dollars; and

(iii) such payment is then permitted under United States law without involving, in the opinion of the Issuer, adverse tax consequences to the Issuer.

(f) *Payment Day*

If the date for payment of any amount in respect of any Note or Coupon is not a Payment Day, the holder thereof shall not be entitled to payment until the next following Payment Day in the relevant place and shall not be entitled to further interest or other payment in respect of such delay. For these purposes, "Payment Day" means any day which (subject to Condition 9 (*Prescription*)) is:

(i) a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in:

(A) (in the case of Notes in definitive form only) the relevant place of presentation; and

(B) each (if any) Additional Financial Centre (other than T2) specified in the applicable Final Terms;

(ii) if T2 is specified as an Additional Financial Centre in the applicable Final Terms, a day on which T2 is open; and

(iii) either (1) in relation to any sum payable in a Specified Currency other than euro, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the principal financial centre of the country of the relevant Specified Currency (if other than the place of presentation, London and any Additional Financial Centre and which, if the Specified Currency is Australian dollars or New Zealand dollars, shall be Sydney and Auckland, respectively) or (2) in relation to any sum payable in euro, a day on which T2 is open;

(g) *Interpretation of Principal and Interest*

Any reference in these Terms and Conditions to "principal" in respect of the Notes shall be deemed to include, as applicable:

(i) any additional amounts which may be payable with respect to principal under Condition 8 (*Taxation*) or any undertaking given in addition thereto, or in substitution therefor, pursuant to the Trust Deed;

(ii) the Final Redemption Amount of the Notes;

(iii) the Early Redemption Amount of the Notes;

(iv) the Optional Redemption Amount(s) (if any) of the Notes;

(v) the Clean-up Call Redemption Amount (if applicable) of the Notes;

(vi) the Loss Absorption Disqualification Event Redemption Price; and

(vii) any premium and any other amounts (other than interest) which may be payable by the Issuer under or in respect of the Notes.

Any reference in these Terms and Conditions and the Trust Deed to "interest" in respect of the Notes shall be deemed to include any additional amounts which may be payable with respect to interest under Condition 8 (*Taxation*) or under any obligation or undertaking given in addition thereto, or in substitution therefor, pursuant to the Trust Deed.

7 Redemption and Purchase

(a) *Redemption at Maturity*

Unless previously redeemed or purchased and cancelled as specified below, each Note will be redeemed by the Issuer at its Final Redemption Amount specified in, or determined in the manner specified in, the applicable Final Terms in the relevant Specified Currency on the Maturity Date specified in the applicable Final Terms.

(b) *Redemption for Tax Reasons*

Subject (if this Note is a Subordinated Note only) to obtaining Regulatory Approval and compliance with the Regulatory Pre-conditions (each as defined below) or (if this Note is a Senior Non-Preferred Note only) to Condition 7(k) (*Pre-conditions to Redemption, Purchase, Substitution or Variation of Senior Non-Preferred Notes*), and provided that notice is given (within the period specified in the applicable Final Terms) to the Trustee and, in accordance with Condition 15 (*Notices*), the Noteholders (which notice shall be irrevocable), if the Issuer satisfies the Trustee immediately prior to the giving of such notice that, as a result of a Tax Law Change (as defined below):

(i) 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 (*Taxation*) or to account to any taxing authority in the Tax Jurisdiction 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

(ii) (if this Note is a Senior Non-Preferred Note or a Subordinated Note 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 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 7(h) (*Early Redemption Amounts*) below together, if applicable, with any accrued and unpaid interest 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 7(b) (*Redemption for Tax Reasons*), the Issuer shall deliver to the Trustee a certificate signed by any two Directors of the Issuer setting forth a statement of facts showing that the conditions precedent to the right of the Issuer so to redeem have occurred and an opinion of independent legal advisors of recognised standing satisfactory to the Trustee to the effect that, as a result of a Tax Law Change, the circumstances described

in Condition 7(b)(i) or 7(b)(ii), as the case may be, have occurred or will occur (but, for the avoidance of doubt, such opinion need not comment on whether or not the consequences of such event could be avoided by the Issuer taking reasonable measures available to it). The Trustee shall be entitled, without liability to any person, to accept such certificate and opinion 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.

(c) *Redemption at the Option of the Issuer (Issuer Call)*

Subject (if this Note is a Subordinated Note only) to obtaining Regulatory Approval and compliance with the Regulatory Pre-conditions or (if this Note is a Senior Non-Preferred Note only) to Condition 7(k) (*Redemption and Purchases – Pre-conditions to Redemption, Purchase, Substitution or Variation of Senior Non-Preferred Notes*), if 'Issuer Call' is specified as being applicable in the applicable Final Terms, the Issuer may, having given not less than the minimum period nor more than the maximum period of notice specified in applicable Final Terms to the Noteholders in accordance with Condition 15 (*Notices*) (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 and at the Optional Redemption Amount(s) specified in the applicable Final Terms together, if applicable, with accrued and unpaid interest to (but excluding) the relevant Optional Redemption Date. If applicable, any such redemption must be of a nominal amount equal to the Minimum Redemption Amount (if any) or a Maximum Redemption Amount (if any) specified in the applicable Final Terms.

In the case of a partial redemption of Notes, the Notes to be redeemed ("Redeemed Notes") will (i) in the case of Redeemed Notes represented by definitive Notes, be selected individually by lot, not more than 30 days prior to the date fixed for redemption and (ii) in the case of Redeemed Notes represented by a Global Note, be selected 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). In the case of Redeemed Notes represented by definitive Notes, a list of the serial numbers of such Redeemed Notes will be published in accordance with Condition 15 (*Notices*) not less than 15 days prior to the date fixed for redemption.

(d) *Clean-up Call*

This Condition 7(d) shall apply if 'Clean-up Call' is specified to be applicable in the applicable Final Terms.

If, at any time from (and including) the Clean-up Call Effective Date, a Clean-up Call Event (as defined below) has occurred with respect to the Notes, and subject (if this Note is a Subordinated Note only) to obtaining Regulatory Approval and compliance with the Regulatory Pre-conditions or (if this Note is a Senior Non-Preferred Note only) to Condition 7(k) (*Redemption and Purchases – Pre-conditions to Redemption, Purchase, Substitution or Variation of Senior Non-Preferred Notes*), the Issuer may in its sole discretion, having given not less than the minimum period nor more than the maximum period of notice specified in the applicable Final Terms to the Noteholders in accordance with Condition 15 (*Notices*) (which notice shall be irrevocable and shall specify the date of redemption or purchase, as the case may be), redeem (or, at its option, purchase or procure the purchase of) 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 then outstanding at their Clean-up Call Redemption Amount specified in the applicable Final Terms together, if applicable, with accrued and unpaid interest to (but excluding) the date fixed for redemption or purchase (as applicable). Upon the expiry of such notice, the Issuer shall be bound to redeem or, as the case may be, purchase or procure the purchase of the Notes accordingly.

Prior to the publication of any notice of redemption pursuant to this Condition 7(d), the Issuer shall deliver to the Trustee a certificate signed by any two Directors of the Issuer stating (i) that a Clean-up Call Event has occurred as at the date of the certificate and (ii) that the applicable pre-conditions have been satisfied, and the Trustee shall be entitled to accept such certificate without any further enquiry as sufficient evidence of such occurrence, in which event it shall be conclusive and binding on the Trustee and the Noteholders.

For the purpose of these Conditions:

"Clean-up Call Effective Date" means (i) in the case of Senior Preferred Notes or Senior Non-Preferred Notes, the Issue Date of the first Tranche of the relevant Series of such Notes and (ii) in the case of Subordinated Notes, the date specified in the applicable Final Terms or such earlier date as may be permitted under the prevailing Capital Adequacy Regulations from time to time; and

a "Clean-up Call Event" shall be deemed to occur in respect of the Notes if the Issuer has redeemed and/or purchased (and/or otherwise acquired) and cancelled Notes in an aggregate principal amount equal to or in excess of the Clean-up Call Threshold Percentage specified in the applicable Final Terms (or, if no such threshold is so specified, 75 per cent.) of the principal amount of the Notes originally issued (and, for this purpose, any further Notes issued pursuant to Condition 18 (*Further Issues*) and consolidated and forming a single Series with the Notes shall be deemed to have been originally issued).

(e) *Redemption at the Option of the Noteholders (Senior Preferred Notes and Senior Non-Preferred Notes only) (Investor Put)*

This Condition 7(e) applies only if this Note is a Senior Preferred Note or a Senior Non-Preferred Note.

If 'Investor Put' is specified as being applicable in the applicable Final Terms, upon the holder of any Note giving to the Issuer in accordance with Condition 15 (*Notices*) not less than the minimum period nor more than the maximum period of notice specified in the applicable Final Terms, (which notice shall be irrevocable) the Issuer will, upon the expiry of such notice, redeem such Note on the relevant Optional Redemption Date and at the Optional Redemption Amount together, if applicable, with any accrued and unpaid interest to (but excluding) the Optional Redemption Date.

If this Note is in definitive form and held outside Euroclear and Clearstream, Luxembourg, to exercise the right to require redemption of this Note the holder of this Note must deliver such Note at the specified office of any Paying Agent at any time during normal business hours of such Paying Agent falling within the notice period, accompanied by a duly completed and signed notice of exercise in the form (for the time being current) obtainable from any specified office of any Paying Agent (a "Put Notice") and in which the holder must specify a bank account (or, if payment is required to be made by cheque, an address) to which payment is to be made under this Condition 7(e) (*Redemption at the Option of the Noteholders (Senior Preferred Notes and Senior Non-Preferred Notes only) (Investor Put)*). If this Note is represented by a Global Note or is in definitive form and held through Euroclear or Clearstream, Luxembourg, to exercise the right to require redemption of this Note the holder of this Note must, within the notice period, give notice to the Agent of such exercise in accordance with the standard procedures of Euroclear and Clearstream, Luxembourg (which may include notice being given on their instruction by Euroclear or Clearstream, Luxembourg or any common depositary or common safekeeper, as the case may be, for them to the Agent by electronic means) in a form acceptable to Euroclear and Clearstream, Luxembourg from time to time and, if this Note is represented by a Global Note, at the same time present or procure the presentation of the relevant Global Note to the Agent for notation accordingly.

(f) *Regulatory Event Redemption of Subordinated Notes*

This Condition 7(f) applies only if this Note is a Subordinated Note.

Subject to obtaining Regulatory Approval and to compliance with the Regulatory Pre-conditions, 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 Principal Paying Agent and, in accordance with Condition 15 (*Notices*), 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 Notes at their Early Redemption Amount referred to in Condition 7(h) (*Early Redemption Amounts*) below together, if applicable, with any accrued and unpaid interest to (but excluding) the date fixed for redemption.

Prior to the publication of any notice of early redemption pursuant to this Condition 7(f) (*Regulatory Event Redemption of Subordinated Notes*), 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 and that the applicable conditions precedent have been satisfied and in each case the details thereof. 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 Notes accordingly.

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

This Condition 7(g) applies only if this Note is a Senior Non-Preferred Note.

If '*Senior Non-Preferred Notes: Loss Absorption Disqualification Event Redemption*' is specified as 'Applicable' in the applicable Final Terms, then if a Loss Absorption Disqualification Event occurs, the Issuer may, in its sole discretion, subject to compliance with Condition 7(k) (*Pre-conditions to Redemption, Purchase, Substitution or Variation of Senior Non-Preferred Notes*), and having given not less than 15 nor more than 30 days' notice to the Trustee (with a copy to the Principal Paying Agent) and, in accordance with Condition 15 (*Notices*), 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 Notes at the Loss Absorption Disqualification Event Redemption Price specified in the applicable Final Terms, together with any accrued and unpaid interest to (but excluding) the date fixed for redemption.

The Issuer may exercise its right to redeem the Notes notwithstanding the prior exercise by any holder thereof of its option to require the redemption of the Note(s) held by it under Condition 7(e) (*Redemption at the Option of the Noteholders (Senior Preferred Notes and Senior Non-Preferred Notes only) (Investor Put)*) above if the due date for redemption under this Condition 7(g) would occur prior to that under Condition 7(e) but not otherwise and, in such circumstances, the exercise of the option under Condition 7(e) shall be rendered ineffective.

Prior to giving the above notice to the Trustee pursuant to this Condition 7(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 Notes accordingly.

As used herein:

A "Loss Absorption Disqualification Event" shall be deemed to have occurred in respect of the 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 the Notes, either:

(i) if "*Loss Absorption Disqualification Event: Full Exclusion*" is specified in the applicable Final Terms, the entire nominal amount of the Notes; or

(ii) if "*Loss Absorption Disqualification Event: Full or Partial Exclusion*" is specified in the applicable Final Terms, the entire nominal amount of the 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 Notes from the relevant minimum requirement(s) is due to the remaining maturity of the 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 the 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, or any other Ranking Legislation which relates to the requisite features of secondary non-preferential debts from time to time), any relevant Supervisory Authority then in effect in the UK 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) *Early Redemption Amounts*

For the purpose of Condition 7(b) (*Redemption for Tax Reasons*) and Condition 7(f) (*Regulatory Event Redemption of Subordinated Notes*) above and Condition 10 (*Events of Default*):

(i) each Note (other than a Zero Coupon Note) will be redeemed at its Early Redemption Amount specified in the applicable Final Terms (or, if no such amount is so specified, its principal amount); and

(ii) each Zero Coupon Note will be redeemed at its Early Redemption Amount calculated in accordance with the following formula:

$$\text{Early Redemption Amount} = \text{RP} \times (1 + \text{AY})^{y}$$

where:

"RP" means the Reference Price; and

"AY" means the Accrual Yield; and

"y" is the Day Count Fraction specified in the applicable Final Terms which will be either (i) 30/360 (in which case the numerator will be equal to the number of days (calculated on the basis of a 360-day

year consisting of 12 months of 30 days each) from (and including) the Issue Date of the first Tranche of the Notes to (but excluding) the date fixed for redemption or (as the case may be) the date upon which such Note becomes due and repayable and the denominator will be 360) or (ii) Actual/360 (in which case the numerator will be equal to the actual number of days from (and including) the Issue Date of the first Tranche of the Notes to (but excluding) the date fixed for redemption or (as the case may be) the date upon which such Note becomes due and repayable and the denominator will be 360) or (iii) Actual/365 (in which case the numerator will be equal to the actual number of days from (and including) the Issue Date of the first Tranche of the Notes to (but excluding) the date fixed for redemption or (as the case may be) the date upon which such Note becomes due and repayable and the denominator will be 365),

(i) *Purchases*

Subject (if this Note is a Subordinated Note only) to obtaining Regulatory Approval and to compliance with the Regulatory Pre-conditions or (if this Note is a Senior Non-Preferred Note only) to Condition 7(k) (*Pre-conditions to Redemption, Purchase, Substitution or Variation of Senior Non-Preferred Notes*), the Issuer or any Subsidiary (as defined in the Trust Deed) of the Issuer may at any time purchase Notes (provided that, in the case of definitive Bearer Notes, all unmatured Coupons and Talons appertaining thereto are purchased therewith) at any price in the open market or otherwise.

Any Notes so purchased by or on behalf of the Issuer or any of its Subsidiaries may, at the option of the Issuer or such Subsidiary, be held, reissued, resold or surrendered to any Paying Agent for cancellation.

(j) *Cancellation*

All Notes which are redeemed, and all Notes which are purchased and surrendered for cancellation in accordance with Condition 7(i) (*Purchases*), will forthwith be cancelled (together, in the case of definitive Bearer Notes, with all unmatured Coupons and Talons attached thereto or surrendered therewith at the time of redemption). Such cancelled Notes cannot be reissued or resold.

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

This Condition 7(k) applies only if this Note is a Senior Non-Preferred Note.

Any redemption, purchase, substitution or variation of the Notes pursuant to Conditions 7(b) (*Redemption for Tax Reasons*), (c) (*Redemption at the Option of the Issuer (Issuer Call*), (d) *(Clean-up Call)*, (g) (*Redemption following a Loss Absorption Disqualification Event*), (i) (*Purchases*) or (l) (*Substitution and Variation of Senior Non-Preferred Notes*) (as the case may be), or modification of the Conditions or the Trust Deed in respect of the Notes, shall be subject to:

(i) the Issuer having obtained such Regulatory Approval therefor (if any) as is then required by the relevant Supervisory Authority, the Capital Adequacy Regulations and/or the Loss Absorption Regulations; and

(ii) compliance with any other pre-conditions to, or requirements applicable to, such redemption, purchase, substitution, variation or modification as may be required by the relevant Supervisory Authority, the Capital Adequacy Regulations and/or the Loss Absorption Regulations (as applicable) at such time, including, in the case of a redemption or purchase and to the extent then so required by the relevant Supervisory Authority, the Capital Adequacy Regulations and/or the Loss Absorption Regulations, the Issuer having demonstrated to the satisfaction of the relevant Supervisory Authority that:

(1) 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

(2) 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

(3) 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.

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

This Condition 7(l) applies if this Note is a Senior Non-Preferred Note and 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 the Notes, the Issuer (in its sole discretion but subject to Condition 7(k) (*Pre-conditions to Redemption, Purchase, Substitution or Variation of Senior Non-Preferred Notes*)), 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 (*Notices*), 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 Notes for, or vary the terms of the Notes 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 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 7(l), 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.

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

(i) the Issuer complying with Condition 7(k) (*Pre-conditions to Redemption, Purchase, Substitution or Variation of Senior Non-Preferred Notes*);

(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 Notes has occurred as at the date of the certificate and that the applicable conditions set out in Condition 7(k)) (*Pre-conditions to Redemption, Purchase, Substitution or Variation of Senior Non-Preferred Notes*) 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 7(l)(i), 7(l)(ii) and 7(l)(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 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.

(m) *Late Payment on Zero Coupon Notes*

If the amount payable in respect of any Zero Coupon Note upon redemption of such Zero Coupon Note pursuant to Condition 7(a) (*Redemption at Maturity*), 7(b) (*Redemption for Tax Reasons*), 7(c) (*Redemption at the Option of the Issuer (Issuer Call)*, 7(d) (*Clean-up Call*) or 7(e) (*Redemption at the Option of the Noteholders (Senior Preferred Notes and Senior Non-Preferred Notes only) (Investor Put))* above or upon its becoming due and repayable as provided in Condition 10 (*Events of Default*) is improperly withheld or refused, the amount due and repayable in respect of such Zero Coupon Note shall be the amount calculated as provided in Condition 7(h)(ii) (*Early Redemption Amounts*) above as though the references therein to the date fixed for the redemption or the date upon which such Zero Coupon Note becomes due and payable were replaced by references to the date which is the earlier of:

(i) the date on which all amounts due in respect of such Zero Coupon Note have been paid; and

(ii) five days after the date on which the full amount of the moneys payable in respect of such Zero Coupon Notes has been received by the Principal Paying Agent, the Registrar or the Trustee and notice to that effect has been given to the Noteholders in accordance with Condition 15 (*Notices*).

(n) *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):

(i) 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;

(ii) 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;

(iii) (subject to (ii) above) such securities have terms not materially less favourable to Noteholders and Couponholders than the terms of the Notes and relative Coupons (as reasonably determined by the Issuer in consultation with an independent adviser of recognised standing);

(iv) (without prejudice to paragraph (iii) 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 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 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 Notes and any relative Coupons which has accrued to Noteholders or Couponholders and not been paid;

(v) such securities are listed on the same stock exchange or market as the Notes or on the London Stock Exchange or on any EEA regulated market or any market in an Organisation for Economic Co-operation and Development (OECD) member state selected by the Issuer; and

(vi) where the relevant 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 Notes immediately prior to their substitution or variation (unless any downgrade is solely attributable to the ranking of the securities under (ii) 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 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;

"Regulatory Event" means, as a result of any change (or pending change which the Supervisory Authority considers to be sufficiently certain) in the regulatory classification of the Notes which becomes effective after the Issue Date of the latest Tranche of the 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 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 Notes or any part thereof being excluded from the Tier 2 Capital of the Issuer (whether on an individual or consolidated basis);

"Regulatory Pre-conditions" means in relation to any redemption of the Notes pursuant to Conditions 7(b) (*Redemption for Tax Reasons*), 7(c) (*Redemption at the Option of the Issuer (Issuer Call*), 7(d) (*Clean-up Call*) or 7(f) (*Regulatory Event Redemption of Subordinated Notes*) or a purchase of the Notes pursuant to Condition 7(i) (*Purchases*):

(i) the Issuer having demonstrated to the satisfaction of the relevant 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 relevant 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 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 7(i), 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, from time to time, the Prudential Regulation Authority ("PRA"), the Bank of England, any successor or replacement thereto or such other authority (whether of the UK, the EU 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 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 date of issue of the first Tranche of the relevant Notes.

8 Taxation

All payments of principal and interest in respect of the Notes and Coupons by the Issuer will be made without withholding or deduction for or on account of any present or future taxes or duties of whatever nature imposed or levied by or on behalf of any Tax Jurisdiction unless such withholding or deduction is required by law. In such event, the Issuer will:

(i) if this Note is a Senior Preferred Note, in respect of payments of interest (if any) or principal; or

(ii) if this Note is a Subordinated Note or a Senior Non-Preferred Note, in respect of payments of interest (if any) only,

pay such additional amounts as shall be necessary in order that the net amounts received by the holders of the Notes or Coupons after such withholding or deduction shall equal the respective amounts which would otherwise have been receivable in respect of the Notes or Coupons, as the case may be, in the absence of such withholding or deduction; except that no such additional amounts shall be payable with respect to any Note, Certificate or Coupon presented for payment:

(a) by or on behalf of a holder who is liable for such taxes or duties in respect of such Note, Certificate or Coupon by reason of their having some connection with a Tax Jurisdiction other than the mere holding of such Note, Certificate or Coupon; or

(b) more than 30 days after the Relevant Date (as defined below) except to the extent that the holder thereof would have been entitled to an additional amount on presenting the same for payment on such thirtieth day assuming that day to have been a Payment Day (as defined in Condition 6(f) (*Payment Day*));

As used in these Terms and Conditions:

(i) "Tax Jurisdiction" means the UK or any political subdivision or any authority thereof or therein having power to tax; and

(ii) the "Relevant Date" means the date on which such payment first becomes due, except that, if the full amount of the moneys payable has not been duly received by the Principal Paying Agent or the Trustee on or prior to such due date, it means the date on which, the full amount of such moneys having been so received, notice to that effect is duly given to the Noteholders in accordance with Condition 15 (*Notices*).

For the avoidance of doubt, if this Note is a Subordinated Note or a Senior Non-Preferred Note the Issuer will not pay any 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 will become prescribed (in the case of principal) after 10 years and (in the case of interest) after five years after the Relevant Date (as defined in Condition 8 (*Taxation*)) therefor.

There shall not be included in any Coupon sheet issued on exchange of a Talon any Coupon the claim for payment in respect of which would be void pursuant to this Condition or Condition 6(b) (*Presentation of Definitive Bearer Notes and Coupons*) or any Talon which would be void pursuant to Condition 6(b).

10 Events of Default

(a) *Senior Preferred Notes*

This Condition 10(a) only applies if this Note is a Senior Preferred 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 and/or pre-funded and/or secured to its satisfaction), give notice to the Issuer that the Notes are, and they shall accordingly forthwith become, immediately due and repayable at their Early Redemption Amount (determined in accordance with Condition 7(h) (*Early Redemption Amounts*)) plus accrued interest as provided in the Trust Deed, if any of the following events (each an "Event of Default") shall occur:

(i) if default is made in the payment in the Specified Currency of any principal or interest due in respect of the Notes or any of them and the default continues for a period of 14 days; or

(ii) if default is made by the Issuer in the performance or observance of any Condition or provision binding on the Issuer under the Notes or the Trust Deed and (except in any case where the default is, in the opinion of the Trustee, incapable of remedy when no such continuation or notice as is hereinafter mentioned will be required) such default continues for 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:

(1) any payment aggregating an amount of at least £10,000,000 (or its equivalent in any other currency or currencies) in respect of the principal of or any premium of or interest on any Indebtedness for Moneys Borrowed 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

(2) any Indebtedness for Moneys Borrowed of the Issuer or any Material Subsidiary having an outstanding aggregate principal amount of at least £10,000,000 (or its equivalent in any other currency or currencies) becomes due and payable prior to its stated maturity by reason of default; or

(3) if any guarantee of or indemnity in respect of any payment aggregating an amount of at least £10,000,000 (or its equivalent in any other currency or currencies) in respect of any Indebtedness for Moneys Borrowed of any third party given 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); or

(iv) if an administrator or other similar official is appointed in relation to the Issuer or any Material Subsidiary or in relation to the whole or, in the opinion of the Trustee, a material

part of the assets of any of them or if an encumbrancer takes possession of, or an administrative or other receiver is appointed in relation to, the whole or, in the opinion of the Trustee, any material part of the assets of the Issuer or a Material Subsidiary or a distress or execution is levied or enforced upon or sued out against the whole or, in the opinion of the Trustee, any material part of the assets of the Issuer or a 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):

(1) the Issuer stops payment to its creditors generally or, in the opinion of the Trustee, ceases to carry on the whole or substantially the whole of its business; or

(2) 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

(3) 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

(4) the Issuer's authorisation under the Act is revoked or is not renewed or the registration of the Issuer as a building society is suspended or cancelled or the Issuer requests any such suspension or cancellation; or

(5) the Issuer amalgamates with, or transfers the whole or, in the opinion of the Trustee, a material part of its engagements or its business to another person or Skipton Group Holdings Limited amalgamates with, or transfers the whole or a part of its undertaking or its business to another person which part is, in the opinion of the Trustee, material in the context of the engagements or undertaking or business of the Issuer and Skipton Group Holdings Limited as a whole; or

(6) the Issuer gives notice in writing that it wishes to cease to be permitted under Part IV of the Financial Services and Markets Act 2000 (the "FSMA") 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 Subsidiaries which are, or would as a result become, Material Subsidiaries:

(1) a Material Subsidiary stops payment to its creditors generally or, in the opinion of the Trustee, ceases to carry on the whole or substantially the whole of its business; or

(2) 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 Conditions 10(a)(i) (above and 10(a)(v)(2) above, the Trustee shall have certified to the Issuer that the Event of Default is, in its opinion, materially prejudicial to the interests of the Noteholders.

For the purposes of this Condition 10 (*Events of Default*):

(i) "Indebtedness for Moneys Borrowed" means any present or future indebtedness (whether being principal, premium, interest or other amounts) for or in respect of (1) money borrowed, (2) liabilities under or in respect of any acceptance or acceptance credit or (3) any notes, bonds, debentures, debenture stock, loan stock or other securities offered, issued or distributed whether by way of public offer, private placing, acquisition consideration or otherwise and whether issued for cash or in whole or in part for a consideration other than cash;

(ii) a "Material Subsidiary" shall mean any Subsidiary of the Issuer whose:

(1) total assets (attributable to the Issuer) are equal to 10 per cent. or more of the consolidated total assets of the Issuer and its Subsidiaries; or

(2) gross income (attributable to the Issuer) is equal to 10 per cent. or more of the Consolidated Revenue (as defined in the Trust Deed),

all as more particularly defined in the Trust Deed and a certificate addressed to the Trustee) by two Directors of the Issuer that in their opinion a Subsidiary of the Issuer is or is not or was or was not at any particular time or throughout any specified period a Material Subsidiary shall, in the absence of manifest error, be conclusive and binding on all parties; and

(iii) a "Permitted Transfer" shall mean:

(1) an amalgamation of the Issuer and one or more other building societies under section 93 of the Act; or

(2) 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 under section 94 of the Act; or

(3) a transfer by the Issuer of its business to a company under sections 97 to 102D of the Act; or

(4) 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

(5) any other reconstruction or amalgamation or transfer to a subsidiary of another mutual society pursuant to the 2007 Act the terms of which have previously been approved by the Trustee in writing or by an Extraordinary Resolution of the Noteholders.

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

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

(i) *Non-payment when due*: In the event of a default being made for a period of 14 days or more in payment of any principal or interest due on 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 Coupons, at its discretion without further notice, institute proceedings for the winding up of the Issuer in England (but not elsewhere) and/or prove in any winding up of the Issuer (whether in England or elsewhere), but may take no other action (save as provided in Condition 10(b)(iii)) in respect of such default.

(ii) *Enforcement*: 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 and the relative Coupons (other than any obligation for the payment of any principal or interest in respect of the Notes and Coupons) provided that the Issuer shall not by virtue of the institution 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 or any other amounts in respect of the Notes or Coupons sooner than the same would otherwise have been payable by it.

(iii) *Winding up or dissolution*: In the event of the commencement of the winding up of the Issuer or the commencement of the dissolution of the Issuer (except in any such case as provided in an Excluded Dissolution), the Trustee at its discretion may give notice to the Issuer that the Notes are, and they shall accordingly thereby forthwith become, immediately due and repayable at their Early Redemption Amount (determined in accordance with Condition 7(h) (*Early Redemption Amounts*)) plus any accrued and unpaid interest as provided in the Trust Deed.

11 Enforcement

(a) *Enforcement in respect of Senior Preferred Notes*

This Condition 11(a) only applies if this Note is a Senior Preferred Note, and references in this Condition 11(a) to the Notes shall be construed accordingly.

The Trustee may, at its discretion and without notice, institute such proceedings against the Issuer as it may think fit to enforce the obligations of the Issuer under the Notes or the Trust Deed, but it shall not be bound to take any such proceedings or any other action in relation to the Notes or under the Trust Deed unless (1) it shall have been so directed by an Extraordinary Resolution of the Noteholders or so requested in writing by the holders of at least one-quarter in nominal amount of the Notes then outstanding, and (2) 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 to proceed as aforesaid, (1) fails to do so within a reasonable time, or (2) is unable for any reason so to do, and such failure or inability is continuing.

(b) *Enforcement in respect of Subordinated Notes and Senior Non-Preferred Notes*

This Condition 11(b) only applies if this Note is a Subordinated Note or a Senior Non-Preferred Note, and references in this Condition 11(b) to Notes shall be construed accordingly.

(i) *Payment default*: Upon the occurrence of any payment default as described in Condition 10(b)(i) or if proceedings are commenced for the winding up or dissolution of the Issuer the

Trustee may at its discretion institute proceedings for the winding up of the Issuer in England (but not elsewhere) and/or (as the case may be) prove in any winding up or dissolution of the Issuer (in England or elsewhere) but may take no further action to enforce the obligations of the Issuer for payment of any principal or interest in respect of the Notes.

(ii) *Default in other obligations*: Without prejudice to Condition 11(b)(i) above, 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 and the relative Coupons (other than any obligation for the payment of any principal or interest in respect of the Notes and Coupons) provided that the Issuer shall not by virtue of the institution 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 or any other amounts in respect of the Notes or Coupons sooner than the same would otherwise have been payable by it.

(iii) *Rights of Trustee*: The Trustee shall not be bound to take any such proceedings as are referred to in Conditions 11(b)(i) or (ii) above unless (i) it shall have been so directed by an Extraordinary Resolution of the Noteholders or so requested in writing by the holders of at least one-quarter 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.

(iv) *Rights of Noteholders*: No Noteholder or Couponholder shall be entitled to proceed directly against the Issuer unless the Trustee, having become bound so to proceed, fails to do so within a reasonable time or is unable to do so, and such failure or inability is continuing, in which case the Noteholder or, as the case may be, Couponholder shall have only such rights against the Issuer as those which the Trustee is entitled to exercise with respect to any Note or Coupon held by such holder. No Noteholder or Couponholder shall be entitled to institute proceedings for the winding up of the Issuer, or to prove in any winding up of the Issuer, unless the Trustee, having become bound to proceed against the Issuer as aforesaid, fails so to do within a reasonable time and such failure is continuing, or being able to prove in any winding up of the Issuer fails so to do, in which event 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 to the same extent (but not further or otherwise) to which the Trustee would have been entitled so to do in respect of any Note or Coupon held by such holder. No remedy against the Issuer, other than the institution of proceedings for the winding up of the Issuer and/or the proving or claiming in any winding up of the Issuer, shall be available to the Trustee or the Noteholders or Couponholders for the recovery of amounts owing in respect of the Notes or under the Trust Deed (including any damages awarded for breach by the Issuer of any of its obligations under the Notes, the Coupons or the Trust Deed).

(v) *Extent of remedies*: No remedy against the Issuer in respect of any breach by it of any obligations under the Notes or the Trust Deed shall be available to the Trustee (but without prejudice to Condition 11(c) below) or the Noteholders or Couponholders, other than as is expressly provided in this Condition 11(b).

(c) Nothing in this Condition 11 (*Enforcement*) shall affect or prejudice the payment of the costs, fees, charges, expenses, liabilities or remuneration of the Trustee under the Trust Deed or the rights and remedies of the Trustee in respect thereof.

12 Replacement of Notes, Certificates, Coupons and Talons

Should any Note, Certificate Coupon or Talon be lost, stolen, mutilated, defaced or destroyed, it may be replaced at the specified office of the Principal Paying Agent (in the case of Bearer Notes or Coupons) or the Registrar (in the case of Certificates) upon payment by the claimant of such costs and expenses as may be incurred in connection therewith and on such terms as to evidence and indemnity as the Issuer may reasonably require. Mutilated or defaced Notes, Certificates, Coupons or Talons must be surrendered before replacements will be issued.

13 Agents

The names of the initial Agents and their initial specified offices are set out below. If any additional Paying Agents are appointed in connection with any Series, the names of such Paying Agents will be specified in Part B of the applicable Final Terms.

The Issuer is entitled (with the prior written consent of the Trustee) to vary or terminate the appointment of any Agent and/or appoint additional or other Agents and/or approve any change in the specified office through which any Agent acts, provided that:

(a) there will at all times be a Principal Paying Agent and a Registrar; and

(b) so long as the Notes are listed on any stock exchange or admitted to listing by any other relevant authority, there will at all times be a Paying Agent and a Transfer Agent each with a specified office in such place as may be required by the rules and regulations of the relevant competent authority or the relevant stock exchange.

In addition, the Issuer shall forthwith appoint a Paying Agent having a specified office in New York City in the circumstances described in Condition 6(e) (*General Provisions Applicable to Payments*). Notice of any variation, termination, appointment or change in Paying Agents will be given to the Noteholders promptly by the Issuer in accordance with Condition 15 (*Notices*).

In acting under the Agency Agreement, the Agents act solely as agents of the Issuer and, in certain limited circumstances specified in the Agency Agreement, of the Trustee and do not assume any obligation to, or relationship of agency or trust with, any Noteholders or Couponholders. The Agency Agreement contains provisions permitting any entity into which any Agent is merged or converted or with which it is consolidated or to which it transfers all or substantially all of its assets to become the successor agent.

14 Exchange of Talons

On and after the Interest Payment Date on which the final Coupon comprised in any Coupon sheet matures, the Talon (if any) forming part of such Coupon sheet may be surrendered at the specified office of the Principal Paying Agent or any other Paying Agent in exchange for a further Coupon sheet including (if such further Coupon sheet does not include Coupons to (and including) the final date for the payment of interest due in respect of the Note to which it appertains) a further Talon, subject to the provisions of Condition 9 (*Prescription*).

15 Notices

All notices regarding the Notes will be deemed to be validly given if published in a leading English language daily national newspaper of general circulation in the UK. It is expected that such publication in a newspaper will be made in the *Financial Times* in London. The Issuer shall also ensure that notices are duly published in a manner which complies with the rules and regulations of any stock exchange or other relevant authority which

the Notes are for the time being listed or by which they have been admitted to trading including publication on the website of the relevant stock exchange or relevant authority if required by those rules. Any such notice will be deemed to have been given on the date of the first publication or, where required to be published in more than one newspaper, on the date of the first publication in all required newspapers.

Until such time as any definitive Notes are issued, there may, so long as any Global Notes or Global Certificates representing the Notes are held in their entirety on behalf of Euroclear and/or Clearstream, Luxembourg and/or any other clearing system(s), be substituted for such publication in such newspaper(s) or such website(s) the delivery of the relevant notice to Euroclear and/or Clearstream, Luxembourg and or such other clearing system(s), as applicable, for communication by them to the holders of the Notes and, in addition, for so long as any Notes are listed on a stock exchange or are admitted to trading by another relevant authority and the rules of that stock exchange or relevant authority so require, such notice will be published on the website of the relevant stock exchange or relevant authority and/or in a daily newspaper of general circulation in the place or places required by those rules. Any such notice shall be deemed to have been given to the holders of the Notes on the day on which the said notice was given to Euroclear and/or Clearstream, Luxembourg and/or such other clearing system(s), as applicable.

Notices to be given by any Noteholder shall be in writing and given by lodging the same, together (in the case of any Note in definitive form) with the relative Note or Notes, with the Principal Paying Agent. Whilst any of the Notes are represented by a Global Note or a Global Certificate, such notice may be given by any holder of a Note to the Principal Paying Agent or the Registrar through Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system(s), as the case may be, in such manner as the Principal Paying Agent and Euroclear and/or Clearstream, Luxembourg and/or such other relevant clearing system, as the case may be, may approve for this purpose.

16 Meetings of Noteholders, Modification and Waiver

(i) *Meeting of Noteholders, etc.*

The Trust Deed contains provisions for convening meetings of the Noteholders (including as a physical meeting or by way of 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 of a modification of the Notes, the Coupons or these Terms and Conditions or any of the provisions of the Trust Deed.

Such a meeting may be convened by the Issuer or the Trustee or by Noteholders holding not less than five per cent. in nominal amount of the Notes for the time being remaining outstanding. The quorum at any such meeting for passing an Extraordinary Resolution is one or more persons holding or representing more than 50 per cent. in nominal amount of the Notes for the time being outstanding, or at any adjourned meeting one or more persons being or representing Noteholders whatever the nominal amount of the Notes so held or represented, *except that* at any meeting the business of which includes the modification of certain provisions of the Notes, the Coupons, these Terms and Conditions or the Trust Deed (including modifying the date of maturity of the Notes or any date for payment of interest thereon, reducing or cancelling the amount of principal or the rate of interest payable in respect of the Notes or altering the currency of payment of the Notes or the Coupons), the quorum shall be one or more persons holding or representing not less than two-thirds in nominal amount of the Notes for the time being outstanding, or at any adjourned such meeting one or more persons holding or representing not less than one-third in nominal amount of the Notes for the time being outstanding.

An Extraordinary Resolution passed by the Noteholders will be binding on all the Noteholders, whether or not they are present at any meeting and whether or not they voted on the resolution (including those who voted against the resolution), 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.

(ii) *Modification and Waiver*

The Trustee may without the consent of the Noteholders or Couponholders:

(i) agree to any modification of any of the provisions of the Notes, the Coupons, these Terms and Conditions or the Trust Deed or any waiver or authorisation of any breach or proposed breach of any of these Terms and Conditions or any provision of the Trust Deed or determine that any Event of Default or Potential Event of Default (as defined in the Trust Deed) shall not be treated as such, which in any such case, in the opinion of the Trustee, is not materially prejudicial to the interests of the Noteholders; or

(ii) agree to any modification of the Notes, the Coupons, these Terms and Conditions or the Trust Deed which is of a formal, minor or technical nature or is made to correct a manifest error or to comply with mandatory provisions of law.

In addition, the Trustee shall be obliged to concur with the Issuer in effecting any Benchmark Amendment, Benchmark Replacement Conforming Changes or any other amendments in accordance with (and subject as provided in) Condition 5(f) (*Benchmark Discontinuation*) without the consent of Noteholders or Couponholders.

If this Note is a Senior Non-Preferred Note, the Trustee shall also be obliged to concur with the Issuer in effecting any substitution or variation of the Notes as set out in (and subject to the terms of) Condition 7(k) (*Pre-conditions to Redemption, Purchase, Substitution or Variation of Senior Non-Preferred Notes*) without the consent of the Noteholders or Couponholders.

Any such modification, waiver, authorisation or determination shall be binding on the Noteholders and the Couponholders and any such modification shall, unless the Trustee agrees otherwise, be notified to the Noteholders in accordance with Condition 15 (*Notices*) as soon as practicable thereafter.

(iii) *Regulatory compliance*

If this Note is a Senior Non-Preferred Note or a Subordinated Note, any amendment, modification or substitution of the Notes or the Trust Deed and any substitution of the Issuer shall, to the extent required by the 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.

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

In connection with the exercise by it of any of its trusts, powers, authorities and discretions (including, without limitation, any modification, waiver, authorisation or determination under this Condition or substitution under Condition 17 (*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 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, the Trustee or any other person 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 (*Taxation*) and/or any undertaking given in addition to, or in substitution for, Condition 8 (*Taxation*) pursuant to the Trust Deed.

17 Substitution

(i) 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 will, pursuant to such provisions, but subject to the proviso below, automatically be substituted in place of the Issuer as principal debtor under the Trust Deed, the Notes and Coupons without any prior approval thereof being required from the Noteholders, the Couponholders or the Trustee and references to the Issuer shall be construed accordingly, 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 of the Act and other such applicable provisions):

(i) either (A) 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 (B) 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 be limited to dealing with matters arising out of the procedure by which the transfer takes place and the constitution of the transferee and must not vary or supplement these Conditions in a manner 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 Issuer shall provide the Trustee with a certificate signed by two Directors confirming that the pre-conditions referred to in paragraphs (i) and (ii) above have been satisfied and, immediately following any such substitution, would remain satisfied. The Trustee shall be fully entitled to accept and rely upon any such certificate without liability to any person and where the Trustee chooses to accept any such certificate it will be conclusive and binding on all interested parties (including the Noteholders and Couponholders);

(iv) any such variation or supplement to the Conditions referred to in paragraph (ii) above shall be effected (at the expense of the Issuer) 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. Without prejudice to the foregoing, the Trustee shall have

no obligation to enter into any such supplemental trust deed where, in the Trustee's sole opinion, it would incur additional obligations or its rights or protections would be in any way reduced;

(v) 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.

(ii) Without prejudice to Condition 17(i) (*Substitution*) 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 so to do 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 to the Issuer (as defined in the Trust Deed) or a Subsidiary of the Issuer or a subsidiary of a Successor in Business to the Issuer, not being in any 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, provided that in the case of a substitution of a company which is a Subsidiary of the Issuer or a subsidiary of the Successor in Business to the Issuer, 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 to the Issuer, 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 to the Issuer or Subsidiary of the Issuer or subsidiary of a Successor in Business to the Issuer, 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.

(iii) Any substitution referred to in Conditions 17(i) (*Substitution*) and (ii) 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 (*Notices*). In the case of Notes listed on the Official List of the Financial Conduct Authority, in the event of such substitution, a new prospectus will, if so required, be prepared in accordance with Regulation (EU) 2017/1129 as it forms part of domestic law in the United Kingdom by virtue of the European Union (Withdrawal) Act 2018, as amended, or such other prospectus rules as may then be applicable.

18 Further Issues

The Issuer shall be at liberty from time to time without the consent of the Noteholders or the Couponholders to create and issue further notes having terms and conditions the same as the Notes or the same in all respects save for the amount and date of the first payment of interest thereon and the date from which interest starts to accrue and so that the same shall be consolidated and form a single Series with the outstanding Notes.

19 Contracts Rights of Third Parties

No person shall have any right to enforce any term or condition of this Note under the Contracts (Rights of Third Parties) Act 1999 but this does not affect any right or remedy of any person which exists or is available apart from that Act.

20 Governing Law and Submission to Jurisdiction

(a) *Governing law*

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

(b) *Submission to jurisdiction*

(i) Subject to Condition 20(b)(iii) (*Submission to Jurisdiction*) below, the English courts have exclusive jurisdiction to settle any dispute arising out of or in connection with the Trust Deed, the Notes and/or the Coupons, including any dispute as to their existence, validity, interpretation, performance, breach or termination or the consequences of their nullity and any dispute relating to any non-contractual obligations arising out of or in connection with the Trust Deed, the Notes and/or the Coupons (a "Dispute") and accordingly each of the Issuer and the Trustee and any Noteholders or Couponholders in relation to any Dispute submits to the exclusive jurisdiction of the English courts.

(ii) For the purposes of this Condition 20(b) (*Submission to Jurisdiction*), the Issuer waives any objection to the English courts on the grounds that they are an inconvenient or inappropriate forum to settle any Dispute.

(iii) To the extent allowed by law, the Trustee, the Noteholders and the Couponholders may, in respect of any Dispute or Disputes, take (i) proceedings in any other court with jurisdiction; and (ii) concurrent proceedings in any number of jurisdictions.

21 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 (*Notices*), 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 21:

(i) "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;

(ii) "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;

(iii) "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

(vi) 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

Bearer Notes will initially be issued in the form of a temporary global note (a "Temporary Global Note") or, if so specified in the applicable Final Terms, a permanent Global Note (a "Permanent Global Note" and, together with the Temporary Global Note, the "Global Notes") which, in either case, will:

(i) if the Global Notes are intended to be issued in new global note ("NGN") form, as stated in the applicable Final Terms, be delivered on or prior to the issue date of the relevant Tranche to a common safekeeper (the "Common Safekeeper") for Euroclear Bank SA/NV ("Euroclear") and Clearstream Banking S.A. ("Clearstream, Luxembourg"); and

(ii) if the Global Notes are not intended to be issued in NGN form, be delivered on or prior to the issue date of the relevant Tranche to a common depositary (the "Common Depositary") for Euroclear and Clearstream, Luxembourg.

Upon the initial deposit of a Global Note with the Common Safekeeper or the Common Depositary, as the case may be, 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.

Upon the initial registration of Registered Notes in the name of any nominee for Euroclear and Clearstream, Luxembourg and delivery of the relative Global Certificate to (i) in the case of Global Certificates intended to be held under the new safekeeping structure ("**NSS**"), the Common Safekeeper; and (ii) in the case of Global Certificates which are not intended to be held under the NSS, the Common Depositary, 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.

Notes that are initially deposited with the Common Depositary or Common Safekeeper, as the case may be, may also (if indicated in the applicable 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.

Where the Global Notes or the Global Certificates issued in respect of any Tranche are in NGN form or held under the NSS, Euroclear and Clearstream, Luxembourg will be notified as to whether or not such Global Notes or Global Certificates are intended to be held in a manner which would allow Eurosystem eligibility. Any indication that the Global Notes or Global Certificates are to be so held does not necessarily mean that the Notes of the relevant Tranche will be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem either upon issue or at any times during their life as such recognition depends upon satisfaction of the Eurosystem eligibility criteria. The Common Safekeeper for NGNs will either be Euroclear or Clearstream, Luxembourg or another entity approved by Euroclear and Clearstream, Luxembourg, as indicated in the applicable Final Terms.

Issuer — ICSDs Agreement

The Issuer has entered or will enter into an agreement with Euroclear and Clearstream, Luxembourg in respect of any Notes issued in NGN form or under the NSS that the Issuer may request be made eligible for settlement with Euroclear and Clearstream, Luxembourg (the "Issuer-ICSDs Agreement"). The Issuer-ICSDs Agreement provides that Euroclear and Clearstream, Luxembourg will, in respect of any such Notes, *inter alia*, maintain

records of their respective portion of the issue outstanding amount of such Notes and will, upon the Issuer's request, produce a statement for the Issuer's use showing the total nominal amount of its customer holdings of such Notes as of a specified date.

Relationship of Accountholders with Clearing Systems

Each of the persons shown in the records of Euroclear, Clearstream, Luxembourg or any other clearing system (an "Alternative 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 its share of each payment made by the Issuer to the bearer of such Global Note or the registered holder of the Global Certificate, 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 the bearer of such Global Note or the registered holder of the Global Certificate, 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 (as defined below):

(i) if the applicable Final Terms indicates that such Global Note is issued in compliance with the TEFRA C or in a transaction to which TEFRA is not applicable (as to which, see "*Overview of the Programme — Selling Restrictions*" above), 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 for interests in a permanent Global Note or, if so provided in the applicable Final Terms, for Definitive Notes.

(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 "*Partial Exchange of Permanent Global Notes*" below, in part for Definitive Notes:

(i) if the applicable Final Terms provides that such Global Note is exchangeable at the request of the holder, by the holder giving notice to the Principal Paying Agent of its election for such exchange; and

(ii) otherwise, (1) if the permanent Global Note is held on behalf of Euroclear, Clearstream, Luxembourg and/or any other clearing system (an "Alternative Clearing System") and each 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 or (2) if principal in respect of any Notes is not paid when due (or within the originally applicable grace period), in each case by the holder giving notice to the Principal Paying Agent of its election for such exchange.

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 exchange of a permanent Global Note for Definitive Notes upon notice from Euroclear and/or Clearstream (acting on the instructions of any holder) or at any time at the request of the Issuer should not be expressed to be applicable in the applicable Final Terms if the Notes are issued with a minimum Specified Denomination such as €100,000 (or its equivalent in another currency) plus one or more higher integral multiples of another smaller amount such as €1,000 (or its equivalent in another currency). Furthermore, such Specified Denomination construction is not permitted in relation to any issue of Notes which is to be represented on issue by a temporary Global Note exchangeable for Definitive Notes.

The following legend will appear on all Bearer Notes (other than Temporary Global Notes), and interest coupons relating to such Notes:

"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 applicable Final Terms state that the Notes are to be represented by a Global Certificate on issue, transfers of the holding of Registered Notes represented by any Global Certificate pursuant to Condition 2(a) (*Transfers of Registered Notes*) may only be made in part:

(i) if the Registered Notes represented by the Global Certificate are held on behalf of Euroclear, Clearstream, Luxembourg and/or an Alternative Clearing System and each 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 alternative clearing system is available; or

(ii) if principal in respect of any Notes is not paid when due (or within the originally applicable grace period); or

(iii) 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) or 1(c)(ii) above, the holder of the Global Certificate has given the Registrar not less than 30 days' notice at its specified office of the intention of the holder of the Global Certificate to effect such transfer.

(d) *Delivery of Notes and Certificates*

On or after any due date for exchange the holder of a Global Note or Global Certificate may surrender such Global Note or, as the case may be, Global Certificate or, in the case of a partial exchange and where the temporary Global Note is not intended to be in NGN form or where the Global Certificate is

not held under the NSS, present it for endorsement to or to the order of the Principal Paying Agent. In exchange for any Global Note or Global Certificate, 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 and where the temporary Global Note is not intended to be in NGN form, endorse, or procure the endorsement of, a permanent Global Note to reflect such exchange or (ii) in the case of a Global Note or Global Certificate 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. In this Base 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 or Global Certificate, the Issuer will, if the holder so requests, procure that it is cancelled and returned to the holder together with the relevant Definitive Notes and/or Certificates.

(e) *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, or in the case of failure to pay principal in respect of any Notes when due 30 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 Principal 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 Base 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 to the extent that certification as to non-U.S. beneficial ownership has been received by Euroclear and Clearstream, Luxembourg. All payments in respect of Notes represented by a Global Note if the Global Note is not intended to be issued in NGN 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 Principal Paying Agent or such other Paying Agent as shall have been notified to the Noteholders for such purpose. On the occasion of each payment, (i) in the case of any Global Note which is not intended to be issued in NGN form, a record of such payment made on such Global Note, distinguishing between any payment of principal and any payment of interest, will be made on such Global Note by the Principal Paying Agent or such other Paying Agent as shall have been notified to the Noteholders for such purpose, and such record shall be *prima facie* evidence that the payment in question has been made and (ii) in the case of any Global Note which is intended to be a NGN, the Principal Paying Agent or such other Paying Agent as shall have been notified

to the Noteholders for such purpose shall instruct Euroclear and Clearstream, Luxembourg to make appropriate entries in their records to reflect such payment.

(b) *Prescription*

Claims against the Issuer in respect of Notes that are represented by a Global Note or a Global Certificate 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 (*Taxation*)).

(c) *Cancellation*

Cancellation of any Note represented by a Global Note or Global Certificate that is required by the Conditions to be cancelled (other than upon its redemption) will be effected by reduction in the principal amount of the relevant Global Note or Global Certificate as the case may be.

(d) *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 (if any) set out in the applicable Final Terms.

(e) *Noteholders' Option*

Any option of the Noteholders provided for in the Conditions of any Notes while such Notes are represented by a Global Note or a Global Certificate may be exercised by the holder of the Global Note or Global Certificate giving notice to the Principal Paying Agent within the time limits relating to the deposit of Notes with a Paying Agent set out in the Conditions (which notice may be given in electronic form), 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, unless the Global Note is in NGN form or where the Global Certificate is held under the NSS, presenting the Global Note or Global Certificate to the Principal Paying Agent, or to a Paying Agent acting on behalf of the Principal Paying Agent, for notation.

(f) *Trustee's Powers*

In considering the interests of Noteholders while any Global Note is held on behalf of, or Global Certificate are 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 Global Certificate.

USE OF PROCEEDS

The net proceeds from each issue of Notes will be applied by the Issuer for the general purposes of its business.

CERTAIN PROVISIONS OF THE BUILDING SOCIETIES ACT 1986 AND THE SUPERVISORY AUTHORITY

In this section, "Supervisory Authority" means the Prudential Regulation Authority and any successor organisation responsible for the supervision of building societies or authorised persons under the FSMA in the UK in the areas described below.

Amalgamation

Section 93 of the Act permits a building society to amalgamate with one or more building societies by establishing a building society as their successor. Amalgamation requires a shareholding members' resolution (as defined in Schedule 2 of the Act) passed by the shareholding members of each amalgamating society and a borrowing members' resolution (as defined in Schedule 2 of the Act) passed by the borrowing members of each amalgamating society. Confirmation by the Supervisory Authority is also required. The Act provides that on the date specified by the Supervisory Authority all of the property, rights and liabilities (which would include the Notes) of each of the societies shall by virtue of the Act be transferred to and vested in the successor, whether or not otherwise capable of being transferred or assigned.

Transfer of Engagements

Section 94 of the Act permits a building society to "transfer its engagements to any extent" to another building society which undertakes to fulfil such engagements. A transfer requires a shareholding members' resolution passed by the shareholding members of the transferor society and the transferee society, and a borrowing members' resolution passed by the borrowing members of the transferor society and the transferee society. Additional requirements may apply for approvals of a partial transfer of engagements. However, the resolutions of the transferee society are not required if the Supervisory Authority consents to the transfer proceeding by a resolution of its board of directors only. The transfer must be confirmed by the Supervisory Authority. The Act provides that on the date specified by the Supervisory Authority and to the extent provided in the instrument of transfer, the property, rights and liabilities of the transferor society shall by virtue of the Act be transferred to and vested in the transferee society, whether or not otherwise capable of being transferred or assigned.

Transfer of Business to a Commercial Company

Sections 97 to 102D of the Act permit a building society to transfer the whole of its business to a company which has been specially formed by the society wholly or partly for the purpose of assuming and conducting the society's business in its place or is an existing company which is to assume and conduct the society's business in its place. The transfer must be approved by a requisite shareholding members' resolution (unless the Supervisory Authority directs otherwise in the case of a transfer to an existing company) in accordance with Schedule 2, paragraph 30(2)–(5) of the Act passed by the shareholding members and by a borrowing members' resolution passed by the borrowing members. The society must obtain the confirmation of the Supervisory Authority to the transfer and its terms. If the Supervisory Authority confirms the transfer then the Act provides that on the vesting date (as defined in the Act) all of the property, rights and liabilities (which would include the Notes) of the society making the transfer, whether or not capable of being transferred or assigned, shall by virtue of the Act and in accordance with transfer regulations (then in force) be transferred to and vested in the successor.

Section 100 of the Act deals with rights of investing members on a conversion. Where, in connection with any transfer, rights are to be conferred on members of the relevant society to acquire shares in the successor, the right is restricted to shareholding members of the society who have held their shares in the society throughout

the period of two years expiring on a qualifying day specified in the transfer agreement and to holders on the qualifying day of deferred shares of the society of a class described in the transfer agreement. Also, all qualifying shareholding members' shares are converted into deposits with the successor. On any such transfer, investing members of the society who were members on the qualifying day but not entitled to vote on the transfer resolution will receive a cash bonus equal to their notional share of the reserves of the society (unless the Supervisory Authority directs otherwise in the case of a transfer to an existing company). If the transfer is to an existing company, any distribution of funds (apart from the statutory cash bonus referred to above) may only be made to shareholding members of the society who have held their shares in the society throughout the period of two years expiring on a qualifying day specified in the transfer agreement and to holders on the qualifying day of deferred shares of the society of a class described in the transfer agreement.

Mutual Society Transfers

The Act (as modified by the Mutual Societies (Transfers) Order 2009) permits a building society to transfer the whole of its business to the subsidiary of another mutual society (as defined in section 3 of the 2007 Act. The successor subsidiary must be duly authorised to carry on its deposit-taking business by the Supervisory Authority or an equivalent EEA regulatory authority. The terms of the transfer to the relevant subsidiary must include provision for making membership of the holding mutual (or membership of the parent undertaking of such holding mutual) available to every qualifying member of the building society and to every person who, after the transfer, becomes a customer of the company, and the membership of the holding mutual (or such parent undertaking) must be on terms no less favourable than those enjoyed by existing members of the holding mutual (or such parent undertaking as the case may be).

A transfer of business to a subsidiary of another mutual society requires the approval of a shareholding members' resolution and a borrowing members' resolution.

Directed Transfers

The Act confers power on the Supervisory Authority, if it considers it expedient to do so in order to protect the investments of shareholders or depositors, to direct a building society to transfer all of its engagements to one or more other building societies or to transfer its business to an existing company. The Financial Services Act 2012 also amended the Act to extend this power of direction to a transfer of a building society's business to an existing or specially formed company that is a subsidiary of another mutual society (as defined in section 3 of the 2007 Act). Where any such direction is made, the Supervisory Authority may also, if it considers it expedient to do so in order to protect the investments of shareholders or depositors, direct that such transfer may proceed on the basis of a resolution of the board of directors of the building society, without the need for member approval.

The relevant society may, as a result of an amalgamation, transfer of engagements or transfer of business as described above, be replaced, as the principal debtor under all or some of the Notes, by an entity substantially different in nature from the Society at present or with a substantially different capital position. In all cases the confirmation of the Supervisory Authority is required before any such change can take place.

DESCRIPTION OF THE ISSUER

Introduction to the Society

Skipton Building Society was established originally in 1853. It was incorporated in England under the Building Societies Act 1874 as the Skipton and District Permanent Benefit Building Society and adopted its present name in 1929. The principal office of the Society is The Bailey, Skipton, North Yorkshire BD23 1DN and its telephone number is +44 (0)1756 705 000.

The Society distributes products through multiple channels including 82 branches, a central mortgage service centre, a digital application, by telephone and the internet. During 2022 the Society employed an average of 1,869 full- and part-time staff at its principal office, 501 staff at its branches and 15,658 staff within its subsidiaries.

As at 30 June 2023 the Society, together with its subsidiaries (the "**Group**"), had total Group assets of £35,579 million, making it the fourth largest building society in the United Kingdom.

Constitution

The Society is incorporated under the Act for an unlimited duration. The Society is a building society authorised by the PRA and regulated by the FCA and PRA under registration number 153706 for accepting deposits, advising on and arranging mortgages, investments and insurance.

The Society, as a building society, is a mutual organisation and, unlike a company incorporated under the Companies Act 2006, does not have equity shareholders in the usual sense. A share in the Society is not the same as a share in a company and voting power is not weighted according to the number or value of shares held. No individual member is entitled to more than one vote on any resolution proposed at a General Meeting. Holders of investment shares may withdraw funds from their share accounts subject to the Rules of the Society and the terms upon which their shares are issued. Depositors with, and lenders to, the Society are not members and accordingly have no voting rights.

Principal business areas and subsidiaries

General

The principal purpose of the Society, as stated in Clause 3 of its Memorandum, is that of making loans which are secured on residential property and funded substantially by its members. The Society's business model is split between the Home Financing business, which is designed to provide finance in order to access the housing market and 'Help More People Have a Home'; and the Money business which helps members' 'Money Work Harder' and combines a savings and financial advice offering with online, branch and contact centre capabilities. The Society has a long term strategy of investing in related businesses where appropriate opportunities are identified. The Society holds a significant presence in the estate agency sector through the Connells group, which includes property sales, surveys and valuations, conveyancing, lettings, asset management and mortgage and insurance broking. Other investments include Skipton Business Finance ("**SBF**" (a provider of debt factoring and invoice discounting to small and medium-sized enterprises)) and Jade Software Corporation (a software solutions provider based in New Zealand which specialises in delivering digital business solutions and assists in the development of the Society's core technology).

Subsidiaries

The principal trading subsidiaries of the Society as at 31 December 2022 are detailed in the Annual Report and Accounts as at 31 December 2022, incorporated by reference into this Base Prospectus.

Mortgage lending

The Group competes in the UK residential mortgage market through its Home Financing business with a broad range of products targeted at different customer segments. The competitive nature of the UK mortgage market means that innovation is a key marketing competence. The Society continually reviews its product offerings and aims to deliver innovative and keenly priced mortgages. The Society's mortgage lending is supplemented by Skipton International Limited ("**SIL**"), a subsidiary providing mortgages in Guernsey, Jersey and in the UK.

The Group's key operational expertise lies in timely mortgage processing and arrears management and it continues to take all appropriate action to minimise losses on non-performing accounts and actively monitors the prudence of its lending policies, taking account of economic and other market conditions.

Savings

The Group continues to obtain the majority of its funding through retail member deposits. The Group aims to offer members a varied and innovative mix of savings products through its Money business which consistently offer good value to the customer and combines the savings and financial advice offerings with online, branch and contact centre capabilities.

Skipton Group

	Group position as at		
	30 June 2023	**31 December 2022**	**31 December 2021**
		(£m)	
Share balances.....	23,398	22,350	19,760

Offshore deposits are also accepted via SIL.

Estate agency

The Society believes that a well invested high street estate agency branch network, coupled with a diversified brand portfolio, will allow the combined business to continue to provide an attractive offering to its customers. The Society's capital position is reinforced by dividends from the Connells group, which are invested back into the Society for the benefit of its members. The Connells group also provides the Society with unique insights into the UK housing market and opportunities to provide other benefits to its members. The acquisition of Countrywide in 2021 provides further diversification to the Group's business model, and the Society believes that the strong management team at Connells will deliver enhanced returns over the medium and longer term, further enhancing the Society's capital strength at a time when it is likely that margins within the mortgages and savings business come under pressure, primarily due to increased competition in the industry combined with cost of living pressures and higher Bank of England base rates.

The UK housing market stalled in Q4 2022 and Connells entered 2023 with a materially lower sales pipeline. As a result of this and a tougher economic environment, revenue of the Connells group in the six months ended 30 June 2023 (£452.9m) was 9.9% down as compared to the six months ended 30 June 2022 (£502.7m). Consequently, the Connells group incurred a Profit Before Tax of £(5.8)m loss for the six months ended 30 June 2023 (six months ended 30 June 2022: £28.9m profit; year ended 31 December 2022; £67.5m profit). The Connells group reported an Underlying Profit Before Tax for the six months ended 30 June 2023 of £(14.1)m loss (six months ended 30 June 2022: £29.0m profit; year ended 31 December 2022: £56.7m profit). The underlying results for the six months ended 30 June 2023 include amortisation charges of £7.4m against the intangible assets that were recognised on acquisition of Countrywide in 2021 (six months ended 30 June 2022:

£10.4m; year ended 31 December 2022: £20.7m). However, the Underlying Profit Before Tax for the six months ended 30 June 2023 excludes fair value gains on share warrants and equity share investments totalling £8.3m, which are included in the aforementioned Profit Before Tax (of £(5.8)m loss) and accounts for the difference in reported values. Earnings before interest, tax, depreciation and amortisation (EBITDA) for the six months ended 30 June 2023 was £16.4m (six months ended 30 June 2022: £63.1m).

The number of properties that Connells exchanged contracts on during the six months to 30 June 2023 was 23 per cent. lower than for the same period in 2022 reflecting the more challenging market conditions. However, the Connells group's lettings business has continued to grow its properties under management increasing to 125,025 at the period ended 30 June 2023 (30 June 2022: 122,355; 31 December 2022: 122,614). Connells' financial services proposition also continues to perform well. The number of mortgages arranged decreased by only 3.6 per cent. despite the reduction in the number of housing transactions. The total value of lending generated for UK mortgage providers during the first six months of 2023 was £14.8bn (six months ended 30 June 2022: £16.2bn; year ended 31 December 2022: £36.9bn).

Other

The Group also holds interests in a small number of other entities, including SBF and Jade Software Corporation.

Management

Board of Directors

The affairs of the Society are conducted and managed by a Board of Directors (the "**Board**") who are responsible for the Society's strategy and policy and are elected and serve in accordance with the Society's Rules and Memorandum. The Board is responsible to the members for the proper conduct of the affairs of the Society and in turn appoints and monitors executives who are responsible for the daily management of the Society.

The business address of the Society's Directors is at The Bailey, Skipton, North Yorkshire BD23 1DN. There are no potential conflicts between the duties to the Society of the Directors and their private interests and/or other duties. The members of the Board, their roles within the Society and their principal business occupation(s), as at the date of this Base Prospectus, are as follows:

Director	Responsibility	Date of Appointment
G V Burr	Chair	27/04/2022
M J Lund	Deputy Chair	25/04/2016
S A Haire	Group Chief Executive	31/12/2022
A P Bottomley	Chief Executive Officer, Money	01/01/2016
I A Cummings	Non-Executive Director	01/07/2022
D A Hall	Non-Executive Director	27/03/2017
H L Jackson	Non-Executive Director	24/10/2018
P W Moore	Non-Executive Director	01/02/2021
R S D M Ndawula*	Group Chief Financial Officer	23/02/2015
S J Davis	Non-Executive Director	28/03/2023
S J Whitney	Non-Executive Director	01/05/2023

* On 27 November 2023 the Society announced that Bobby Ndawula will be leaving in 2024. It was also announced that Paul Chambers will be joining the Society as the Group Chief Financial Officer spring 2024, subject to regulatory approval.

Executive Committee

Whilst the Society's Board is responsible for strategy and policy, implementation of that policy and daily management of the Society's own business is delegated to the following senior executives who, as at the date of this Base Prospectus, form the Society's Executive Committee:

Name	Title
S A Haire	Group Chief Executive
R S D M Ndawula	Group Chief Financial Officer
A P Bottomley	Chief Executive Officer, Money
C Harrison	Chief Executive Officer, Home Financing
S Hattersley	Group Chief of Staff
N Mortimer	Group Chief Marketing Officer
J Shaw	Group Chief People Officer
D Travis	Group Secretary & General Counsel
H Varney	Chief Operating Officer

The business address of the members of the Executive Committee is at The Bailey, Skipton, North Yorkshire BD23 1DN. There are no potential conflicts between the duties to the Society of the members of the Executive Committee and their private interests and/or other duties.

Regulatory

Consumer Duty

The FCA published rules relating to the Consumer Duty in July 2022. The Consumer Duty places increased requirements on financial services firms, like the Society, to ensure customers receive suitable products that are priced fairly and offer good value, as well as providing appropriate support throughout the relationship, and making sure customers have a good understanding of the products and services they are using. Regulations already required financial services firms to 'treat customers fairly'; the new duty brings additional emphasis that requires all firms to 'act to deliver good outcomes' for their customers. The new FCA Consumer Duty, which sets higher and clearer standards of consumer protection across financial services, came into effect from July 2023. Management is focused on ensuring the new Consumer Duty is fully embedded across the Society's regulated activities. As such, the Society is required to act in good faith, to take all reasonable steps to avoid foreseeable harm to customers and to enable them to achieve their financial objectives.

Financial Position

Capital Base

The Group has a strong capital base and this is demonstrated by the following key ratios which are comfortably in excess of the minimum levels set by the regulator:

	Group Ratio at		
	30 June 2023	31 December 2022	31 December 2021
		(%)	
Common Equity Tier 1 ratio	26.3	25.8	44.6
Tier 1 ratio	26.3	25.8	44.8
Total Capital ratio	26.9	26.3	45.6
Leverage ratio	6.9	6.8	6.8

The Society's Permanent Interest Bearing Shares ("**PIBS**") of £40 million are eligible for regulatory capital and are now classified as Tier 2 capital following the transitional period ending in 2022, in accordance with CRD IV.

As at 31 December 2022 and 2021 the consolidated capital ratios of the Group (including the subscribed capital detailed above) were as follows:

	Group Position as at	
	31 December 2022	31 December 2021
	(%)	
Gross capital ratio	8.42	8.86
Free capital ratio	6.74	6.89

The Group remains strongly capitalised and continues to manage capital to maintain a buffer over minimum regulatory ratios.

Gross capital represents the general reserve together with the fair value reserve, cash flow hedging reserve, cost of hedging reserve, translation reserve, subordinated liabilities, subscribed capital and non-controlling interests, as shown within the Group Statement of Financial Position.

Free capital represents gross capital, less property, plant and equipment, right-of-use assets, investment property and intangible assets as shown within the Group Statement of Financial Position.

Funding

The Society, through its Money business, continues to manage the mix of retail and wholesale funding in the best interests of its members and remains primarily funded by retail savings. Optimising the Group's mix of retail and wholesale funding is essential to the Group achieving both its retail savings and lending growth objectives.

Skipton Group

	Group Position as at		
	30 June 2023	**31 December 2022**	**31 December 2021**
		(£m)	
Share accounts	23,398	22,350	19,760
Amounts owed to credit institutions	3,062	2,963	2,203
Amounts owed to other customers	2,593	2,339	2,249
Debt securities in issue	2,647	2,592	2,218
Total	31,700	30,244	26,430

Note:

The above balances include accrued interest and accounting adjustments.

As at 30 June 2023, wholesale funding balances (excluding offshore deposits in SIL) amounted to £6.0bn (30 June 2022: £5.3bn; 31 December 2022: £5.7bn). The Group's wholesale funding ratio at 30 June 2023 increased slightly to 21.3 per cent. (30 June 2022: 20.4 per cent.; 31 December 2022: 21.1 per cent.).

Liquidity

Building societies are required to hold a significant proportion of their assets in a readily realisable form. The types of investment in which building societies can hold regulatory liquidity are prescribed by regulations made by the PRA. The Society complies with these regulations. The following table shows total Group liquid assets and includes assets constituting regulatory liquidity:

	Group Position as at		
	30 June 2023	**31 December 2022**	**31 December 2021**
Liquid assets (*£bn*)	7.0	6.8	5.1
Liquidity ratio (*%*)	22.1	22.5	19.3

Risk Appetite

As a mutual organisation the Society's Board is charged with the protection of members' deposits and bases its risk appetite on avoiding strategies or business practices which would threaten members' interests.

The Board's risk appetite, *inter alia*, specifically addresses the maintenance of stakeholders' confidence, credit, liquidity, funding and interest rate risk appetites, capital adequacy, fair treatment of customers, the culture of the business and the operational control framework and is supported by a comprehensive range of metrics used to assess business performance and risk exposure against its risk appetite.

Group Risk Management Framework

Through the Board Risk Committee's approved risk management framework and governance structure, the Group has a formal mechanism for identifying and managing risks throughout the business. This framework is

designed to deliver the corporate plan in line with the Board's overall risk appetite and is based upon the best practice 'three lines of defence' model which operates as follows:

- First line of defence, being line management within the business who, through the implementation of the organisation's risk framework, identifies, assesses and manages risk.
- Second line of defence, being the Group Risk function, which includes specific teams dedicated to Operational risk, Compliance/Conduct risk, Financial Crime risk, Credit risk, Prudential & Financial risk (including financial risk arising from climate change) and Market, Interest rate & Liquidity risk. These teams challenge, monitor, guide and support the business in managing its risk exposure. The risk framework includes the three sub-committees of the Board Risk Committee which are responsible for recommending and monitoring the Group's adherence to policy. The Board Risk Committee Chair is responsible for maintaining the independence of the second line of defence to ensure there are no obstacles to its independent challenge of first line management.
- Third line of defence, provided by Group Internal Audit, is designed to provide independent assurance to the Board (through the Board Audit Committee) of the adequacy and effectiveness of control systems operating within the first and second lines in identifying and managing risk.

Future Outlook

Economies across the globe still face significant uncertainties with geopolitical tensions continuing throughout the first half of 2023. The cost-of-living crisis continues to dominate in the UK; inflation has fallen from its peak with energy prices having started to ease, however food price inflation remains stubbornly high. Coupled with the high interest rate environment, household disposable incomes continue to be squeezed. Whilst recession has so far been avoided, UK economic growth is subdued, with the impact of rising mortgage rates yet to be felt by many that remain on fixed-term deals. Whilst the outlook for the Group remains positive, the future performance of the Group in the outer years of its current 5-year corporate plan may be impacted by the performance of the UK economy as events and conditions evolve. The Board understands and promotes the need to maintain a forward-looking focus and run appropriately severe scenarios to test the Group's resilience to these and possibly other unforeseen risk events and is confident that the Group is well placed to react accordingly.

The Society believes that its strong financial position, diversified business model and compelling customer proposition mean it is well placed to continue to deliver for its members during these uncertain times.

TAXATION

UK Taxation

The comments below, which are of a general nature and are based on the Issuer's understanding of current UK law and HM Revenue & Customs ("HMRC") practice (which may or may not be binding on HM Revenue & Customs) (in each case as at the date of this Base Prospectus), describe only the UK withholding tax treatment of payments of interest (as that term is understood for UK tax purposes) in respect of the Notes. They do not deal with any other UK taxation implications of acquiring, holding or disposing of Notes. The comments relate to the position of persons who are the absolute beneficial owners of their Notes and Coupons and may not apply to certain classes of persons (such as dealers or persons connected with the Issuer) to whom special rules may apply. Prospective Noteholders should be aware that the particular terms of issue of any series of Notes as specified in the relevant Final Terms may affect the tax treatment of that and other series of Notes. The UK tax treatment of prospective Noteholders depends on their individual circumstances and may be subject to change in the future. Prospective Noteholders who may be subject to tax in a jurisdiction other than the UK or who may be unsure as to their tax position are strongly advised to consult their own professional advisers. In particular, Noteholders should be aware that they may be liable to taxation under the laws of other jurisdictions in relation to payments in respect of the Notes even if such payments may be made without withholding or deduction for or on account of taxation under the laws of the UK. The comments assume that no security will be created for the benefit of the Notes and that there will be no substitution of Issuer.

Payment of interest on the Notes

Payments of interest on the Senior Preferred Notes, Senior Non-Preferred and the Subordinated Notes may be made without deduction of or withholding for or on account of UK income tax provided that the relevant notes carry a right to interest and are and continue to be listed on a "recognised stock exchange", as defined in section 1005 of the Income Tax Act 2007 ("ITA 2007"). The London Stock Exchange is a recognised stock exchange for these purposes. Securities will be treated as listed on the London Stock Exchange if they are included in the Official List (within the meaning of and in accordance with the provisions of Part 6 of the Financial Services and Markets Act 2000) and admitted to trading on the London Stock Exchange. Provided, therefore, that the Senior Preferred Notes, Senior Non-Preferred Notes and the Subordinated Notes carry a right to interest and are and remain so listed on a "recognised stock exchange", interest on the Senior Preferred Notes, Senior Non-Preferred Notes and the Subordinated Notes respectively will be payable without deduction of or withholding for or on account of UK income tax.

In other cases, an amount must generally be withheld from payments of interest on the Notes on account of UK income tax at the basic rate (currently 20 per cent.), subject to any other available exemptions or reliefs. However, where an applicable double tax treaty provides for a lower rate of withholding tax (or for no tax to be withheld) in relation to a Noteholder, HMRC can issue a notice to the Issuer to pay interest to the Noteholder without deduction of tax (or for interest to be paid with tax deducted at the rate provided for in the relevant double tax treaty).

Further UK Income Tax Issues

Interest on the Notes that constitutes UK source income for UK tax purposes may, as such, be subject to UK income tax by direct assessment even where paid without deduction of or withholding for or on account of UK income tax.

However, interest with a UK source received without deduction of or withholding for or on account of UK income tax will not be chargeable to UK tax in the hands of a Noteholder (other than certain trustees) who is not resident for tax purposes in the UK unless that Noteholder carries on a trade, profession or vocation in the UK through a UK branch or agency in connection with which the interest is received or to which the Notes are

attributable (and where that Noteholder is a company, unless that Noteholder carries on a trade in the UK through a permanent establishment in connection with which the interest is received or to which the Notes are attributable). There are exemptions for interest received by certain categories of agent (such as some brokers and investment managers). The provisions of an applicable double taxation treaty may also be relevant for such Noteholders.

Foreign Account Tax Compliance Act

Pursuant to certain provisions of the U.S. Internal Revenue Code of 1986, commonly known as FATCA, a "foreign financial institution" (as defined by FATCA) may be required to withhold on certain payments it makes ("foreign passthru payments") to persons that fail to meet certain certification, reporting or related requirements. The issuer is a foreign financial institution for these purposes. A number of jurisdictions (including the UK) have entered into, or have agreed in substance to, intergovernmental agreements with the United States to implement FATCA ("IGAs"), which modify the way in which FATCA applies in their jurisdictions. Under the provisions of IGAs as currently in effect, a foreign financial institution in an IGA jurisdiction would generally not be required to withhold under FATCA or an IGA from payments that it makes. Certain aspects of the application of the FATCA provisions and IGAs to instruments such as Notes, including whether withholding would ever be required pursuant to FATCA or an IGA with respect to payments on instruments such as Notes, are uncertain and may be subject to change. Even if withholding would be required pursuant to FATCA or an IGA with respect to payments on instruments such as Notes, such withholding would not apply prior to the date that is two years after the date on which final regulations defining foreign passthru payments are published in the U.S. Federal register and Notes characterised as debt (or which are not otherwise characterised as equity and have a fixed term) for U.S. federal tax purposes that are issued on or prior to the date that is six months after the date on which final regulations defining foreign passthru payments are published generally would be grandfathered for purposes of FATCA withholding unless materially modified after such date (including by reason of a substitution of the issuer). However, if additional Notes (as described under "Terms and Conditions—Further Issues") that are not distinguishable from previously issued Notes are issued after the expiration of the grandfathering period and are subject to withholding under FATCA, then withholding agents may treat all Notes, including the Notes offered prior to the expiration of the grandfathering period, as subject to withholding under FATCA. Holders should consult their own tax advisers regarding how these rules may apply to their investment in Notes.

SUBSCRIPTION AND SALE

The Dealers have, in an amended and restated programme agreement dated 15 December 2023 (such programme agreement as further modified and/or supplemented and/or restated from time to time being the "Programme Agreement") agreed with the Issuer a basis upon which they or any of them may from time to time agree to purchase Notes. Any such agreement will extend to those matters stated under "Terms and Conditions of the Notes". In the Programme Agreement, the Issuer has agreed to reimburse the Dealers for certain of their expenses in connection with the establishment and any future update of the Programme and the issue of Notes under the Programme and to indemnify the Dealers against certain liabilities incurred by them in connection therewith.

Selling Restrictions

United States

The Notes have not been and will not be registered under the Securities Act or the securities laws of any state or other jurisdiction of the United States and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in certain transactions exempt from or not subject to, the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

The Notes in bearer form are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a United States person, except in certain transactions permitted by U.S. Treasury regulations. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code of 1986 and Treasury regulations promulgated thereunder. The applicable Final Terms will identify whether TEFRA C rules or TEFRA D rules apply or whether TEFRA is not applicable.

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it will not offer, sell or deliver Notes (a) as part of their distribution at any time or (b) otherwise until 40 days after the completion of the distribution of all Notes of the Tranche of which such Notes are a part, within the United States or to, or for the account or benefit of, U.S. persons except in accordance with Regulation S of the Securities Act. Each Dealer has further agreed, and each further Dealer appointed under the Programme will be required to agree, that it will send to each dealer to which it sells any Notes during the distribution compliance period a confirmation or other notice setting forth the restrictions on offers and sales of the Notes within the United States or to, or for the account or benefit of, U.S. persons. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

Until 40 days after the commencement of the offering of any Series of Notes, an offer or sale of such Notes within the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in accordance with an available exemption from registration under the Securities Act.

Prohibition of sales to EEA Retail Investors

Unless the Final Terms in respect of any Notes specifies "*Prohibition of sales to EEA Retail Investors*" as "Not Applicable", each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes which are the subject of the offering contemplated by the Base Prospectus as completed by the Final Terms in relation thereto to any retail investor in the European Economic Area ("EEA"). For the purposes of this provision:

(a) the expression "retail investor" means a person who is one (or more) of the following:

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

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

(iii) not a qualified investor as defined in Regulation (EU) 2017/1129; and

(b) the expression an "offer" includes the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe for the Notes.

If the Final Terms in respect of any Notes specifies "*Prohibition of sales to EEA Retail Investors*" as "Not Applicable", in relation to each Member State of the European Economic Area, each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not made and will not make an offer of Notes which are the subject of the offering contemplated by this Base Prospectus as completed by the Final Terms in relation thereto to the public in that Member State, except that it may make an offer of such Notes to the public in that Member State:

(A) at any time to any legal entity which is a qualified investor as defined in the EU Prospectus Regulation;

(B) at any time to fewer than 150 natural or legal persons (other than qualified investors as defined in the EU Prospectus Regulation) subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the Issuer for any such offer; or

(C) at any time in any other circumstances falling within Article 1(4) of the EU Prospectus Regulation,

provided that no such offer of Notes referred to in (A) to (C) above shall require the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the EU Prospectus Regulation, or supplement a prospectus pursuant to Article 23 of the EU Prospectus Regulation.

For the purposes of this provision:

- the expression an "offer of Notes to the public" in relation to any Notes in any Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe for the Notes; and
- the expression "EU Prospectus Regulation" means Regulation (EU) 2017/1129.

UK

Prohibition of sales to UK Retail investors

Unless the Final Terms in respect of any Notes specifies "*Prohibition of sales to UK Retail Investors*" as "Not Applicable", each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes which are the subject of the offering contemplated by this

Base Prospectus as completed by the Final Terms in relation thereto to any retail investor in the United Kingdom.

(a) For the purposes of this provision, the expression "retail investor" means a person who is one (or more) of the following:

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

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

(iii) not a qualified investor as defined in Article 2 of the UK Prospectus Regulation; and

(b) the expression an "offer" includes the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe for the Notes.

If the Final Terms in respect of any Notes specifies "*Prohibition of sales to UK Retail Investors*" as "Not Applicable", each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not made and will not make an offer of Notes which are the subject of the offering contemplated by this Base Prospectus as completed by the Final Terms in relation thereto to the public in the United Kingdom, except that it may make an offer of such Notes to the public in the United Kingdom:

(A) at any time to any legal entity which is a qualified investor as defined in Article 2 of the UK Prospectus Regulation;

(B) at any time to fewer than 150 natural or legal persons (other than qualified investors as defined in Article 2 of the UK Prospectus Regulation) subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the Issuer for any such offer; or

(C) at any time in any other circumstances falling within section 86 of the FSMA,

provided that no such offer of Notes referred to in (A) to (C) above shall require the Issuer or any Dealer to publish a prospectus pursuant to section 85 of the FSMA or supplement a prospectus pursuant to Article 23 of the UK Prospectus Regulation.

For the purposes of this provision:

- the expression an "offer of Notes to the public" in relation to any Notes in the United Kingdom means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe for the Notes; and
- the expression "UK Prospectus Regulation" means Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the EUWA.

Other UK regulatory restrictions

Each Dealer has represented and agreed and each further Dealer appointed under the Programme will be required to represent and agree that:

(a) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of any Notes in circumstances in which Section 21(1) of the FSMA would not, if the Issuer was not an authorised person, apply to the Issuer; and

(b) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Notes in, from or otherwise involving the UK.

Japan

The Notes have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended, the "FIEA") and each Dealer has agreed and each further Dealer appointed under the Programme will be required to agree that it will not offer or sell any Notes, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan (as defined under Item 5, Paragraph 1, Article 6 of the Foreign Exchange and Foreign Trade Act (Act No. 228 of 1949, as amended)), or to others for re-offering or resale, directly or indirectly, in Japan or to or for the benefit of, a resident of Japan except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the FIEA and any other applicable laws, regulations and ministerial guidelines of Japan.

Singapore

Unless the Final Terms in respect of any Notes specifies "Singapore Sales to Institutional Investors and Accredited Investors only" as "Not Applicable", each Dealer has acknowledged, and each further Dealer appointed under the Programme will be required to acknowledge, that this Base Prospectus has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered or sold any Notes or caused the Notes to be made the subject of an invitation for subscription or purchase and will not offer or sell any Notes or cause the Notes to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, this Base Prospectus or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Notes, whether directly or indirectly, to any person in Singapore other than (i) to an institutional investor (as defined in Section 4A of the SFA) pursuant to Section 274 of the SFA or (ii) to an accredited investor (as defined in Section 4A of the SFA) pursuant to and in accordance with the conditions specified in Section 275 of the SFA.

If the Final Terms in respect of any Notes specifies "Singapore Sales to Institutional Investors and Accredited Investors only" as "Not Applicable", each Dealer has acknowledged, and each further Dealer appointed under the Programme will be required to acknowledge, that this Base Prospectus has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered or sold any Notes or caused the Notes to be made the subject of an invitation for subscription or purchase and will not offer or sell any Notes or cause the Notes to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, this Base Prospectus or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Notes, whether directly or indirectly, to any person in Singapore other than (i) to an institutional investor (as defined in Section 4A of the SFA) pursuant to Section 274 of the SFA, (ii) to a relevant person (as defined in Section 275(2) of the SFA) pursuant to Section 275(1) of the SFA, or any person pursuant to Section 275(1A)

of the SFA, and in accordance with the conditions specified in Section 275 of the SFA, or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the Notes are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

(a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or

(b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor;

securities or securities-based derivatives contracts (each term as defined in Section 2(1) of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Notes pursuant to an offer made under Section 275 of the SFA except:

(i) to an institutional investor or to a relevant person, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(c)(ii) of the SFA;

(ii) where no consideration is or will be given for the transfer;

(iii) where the transfer is by operation of law;

(iv) as specified in Section 276(7) of the SFA; or

as specified in Regulation 37A of the Securities and Futures (Offers of Investments) (Securities and Securities-based Derivatives Contracts) Regulations 2018 of Singapore

Belgium

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that an offering of Notes may not be advertised to any individual in Belgium qualifying as a consumer within the meaning of Article I.1 of the Belgian Code of Economic Law, as amended from time to time (a "Belgian Consumer") and that it has not offered, sold or resold, transferred or delivered, and will not offer, sell, resell, transfer or deliver, the Notes, and that it has not distributed, and will not distribute, any prospectus, memorandum, information circular, brochure or any similar documents in relation to the Notes, directly or indirectly, to any Belgian Consumer.

General

Each Dealer has agreed and each further Dealer appointed under the Programme will be required to agree that it will (to the best of its knowledge and belief) comply with all applicable securities laws and regulations in force in any jurisdiction in which it purchases, offers, sells or delivers Notes or possesses or distributes this Base Prospectus and will obtain any consent, approval or permission required by it for the purchase, offer, sale or delivery by it of Notes under the laws and regulations in force in any jurisdiction to which it is subject or in which it makes such purchases, offers, sales or deliveries and neither the Issuer nor any of the other Dealers shall have any responsibility therefor.

None of the Issuer and the Dealers represents that Notes may at any time lawfully be sold in compliance with any applicable registration or other requirements in any jurisdiction, or pursuant to any exemption available thereunder, or assumes any responsibility for facilitating such sale.

Applicable Final Terms

Set out below is the form of Final Terms which will be completed for each Tranche of Notes issued under the Programme.

[**PROHIBITION OF SALES TO EEA RETAIL INVESTORS** – The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area ("EEA"). For these purposes, a "retail investor" means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, "MiFID II"); (ii) a customer within the meaning of Directive (EU) 2016/97 (the "Insurance Distribution Directive"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in Regulation (EU) 2017/1129 (the "EU Prospectus Regulation"). Consequently, no key information document required by Regulation (EU) No 1286/2014 (as amended, the "EU PRIIPs Regulation") for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the EU PRIIPs Regulation.]

[**PROHIBITION OF SALES TO UK RETAIL INVESTORS** – The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the United Kingdom ("UK"). For these purposes, a "retail investor" means a person who is one (or more) of: (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 ("EUWA"); (ii) a customer within the meaning of the provisions of the FSMA and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA; or (iii) not a qualified investor as defined in Article 2 of Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the EUWA. Consequently, no key information document required by Regulation (EU) No 1286/2014 as it forms part of domestic law by virtue of the EUWA (the "UK PRIIPs Regulation") for offering or selling the Notes or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.]

[**MIFID II product governance / Professional investors and ECPs only target market** – Solely for the purposes of [the/each] manufacturer's product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is eligible counterparties and professional clients only, each as defined in [Directive 2014/65/EU (as amended, "MiFID II")][MiFID II]; and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Notes (a "distributor") should take into consideration the manufacturer['s/s'] target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturer['s/s'] target market assessment) and determining appropriate distribution channels.]

UK MIFIR product governance / Professional investors and ECPs only target market – Solely for the purposes of [the/each] manufacturer's product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is only eligible counterparties, as defined in the FCA Handbook Conduct of Business Sourcebook ("COBS"), and professional clients, as defined in Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 ("UK MiFIR"); and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. Any [person subsequently offering, selling or recommending the Notes (a "distributor")]/[distributor] should take into consideration the manufacturer['s/s'] target market assessment;

however, a distributor subject to the FCA Handbook Product Intervention and Product Governance Sourcebook (the "UK MiFIR Product **Governance Rules") is responsible for undertaking its own target market assessment in respect of the** Notes (by either adopting or refining the manufacturer['s/s'] target market assessment) and determining appropriate distribution channels.

[**Singapore SFA Product Classification**: In connection with Section 309B of the Securities and Futures Act 2001 of Singapore, as amended (the "**SFA**") and the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore (the "**CMP Regulations 2018**"), the Issuer has determined, and hereby notifies all relevant persons (as defined in Section 309A(1) of the SFA), the classification of the Notes are [prescribed capital markets products] (as defined in the CMP Regulations 2018) and [[Excluded] / Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products.][1]

[Date]

SKIPTON BUILDING SOCIETY

(*Legal entity identifier (LEI): 66AGRETLUXS4YO5MUH35*)

Issue of

[**Aggregate Nominal Amount of Tranche**]
[*Title of Notes*] [Senior Preferred / Senior Non-Preferred / Subordinated] Notes due [ ]

under the

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

PART A — CONTRACTUAL TERMS

[Terms used herein shall be deemed to be defined as such for the purposes of the Conditions set forth in the Base Prospectus dated 15 December 2023 [and the supplement[s] to it dated [*date*] and [*date*]] which [together] constitute[s] a base prospectus (the "Base Prospectus") for the purposes of Regulation (EU) (2017/1129) as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 ("the UK Prospectus Regulation"). This document constitutes the Final Terms of the Notes described herein for the purposes of the UK Prospectus Regulation and must be read in conjunction with the Base Prospectus in order to obtain all the relevant information. The Base Prospectus has been published on the website of the London Stock Exchange at www.londonstockexchange.com/exchange/news/market-news/market-news-home.html.]

[Terms used herein shall be deemed to be defined as such for the purposes of the Conditions (the "Conditions") set forth in the Base Prospectus dated [*original date*] [and the supplement[s] to it dated [*date*] and [*date*]] which are incorporated by reference in the Base Prospectus dated 15 December 2023. This document constitutes the Final Terms of the Notes described herein for the purposes of Regulation (EU) (2017/1129) as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 ("the UK Prospectus Regulation") and must be read in conjunction with the Base Prospectus dated 15 December 2023 [and the supplement[s] to it dated [*date*] and [*date*]] which [together] constitute[s] a base prospectus for the purposes of the UK Prospectus Regulation (the "Base Prospectus"), including the Conditions incorporated by reference in the Base Prospectus, in order to obtain all the relevant information. The Base Prospectus has been published on the website of the

[1] For any Notes to be offered to Singapore investors, the Issuer to consider whether it needs to re-classify the Notes pursuant to Section 309B of the SFA prior to the launch of the offer.

London Stock Exchange at www.londonstockexchange.com/exchange/news/market-news/market-news-home.html.]

1	Issuer:		Skipton Building Society
2	Status of the Notes:		[Senior Preferred / Senior Non-Preferred / Subordinated]
3	(a)	Series Number:	[●]
	(b)	Tranche Number:	[●]
	(c)	Date on which the Notes will be consolidated and form a single Series:	The Notes will be consolidated and form a single Series with [●] on [the Issue Date/exchange of the Temporary Global Note for interests in the Permanent Global Note, as referred to in paragraph 28 below, which is expected to occur on or about [●]][Not Applicable]
4	Specified Currency or Currencies:		[●]
5	Aggregate Nominal Amount:		
	(a)	Series:	[●]
	(b)	Tranche:	[●]
6	Issue Price:		[●] per cent. of the Aggregate Nominal Amount [plus accrued interest from [●] (if applicable)]
7	(a)	Specified Denominations:	[●] [and integral multiples of [●] in excess thereof up to and including [●]. No Notes in definitive form will be issued with a denomination above [●]]
	(b)	Calculation Amount	[●]
8	(a)	Issue Date:	[●]
	(b)	Interest Commencement Date:	[●/Issue Date/Not Applicable]
9	Maturity Date:		[●]
10	Interest Basis:		[[●] per cent. Fixed Rate] [Reset Notes] [[[●] month SONIA/EURIBOR/SOFR/€STR] +/- [●] per cent. Floating Rate] [Zero Coupon] (further particulars specified below)
11	Redemption/Payment Basis:		Subject to any purchase and cancellation or early redemption, the Notes will be redeemed on the Maturity Date at [●] per cent. of their nominal amount
12	Change of Interest Basis:		[[●] [Not Applicable]
13	Put/Call Options:		[Investor Put]

		[Issuer Call] [Regulatory Event Call] [Loss Absorption Disqualification Event Call] [Clean-up Call] [Not Applicable] [(further particulars specified below)]
14	Date [Board] approval for issuance of Notes obtained:	[●] [and [●], respectively]]

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

15	Fixed Rate Note Provisions:		[Applicable/Not Applicable]
	(a)	Rate(s) of Interest:	[●] per cent. per annum payable in arrear on each Interest Payment Date
	(b)	Interest Payment Date(s):	[●] in each year from (and including) [●] up to (and including) [the Maturity Date]/[●]
	(c)	Fixed Coupon Amount(s):	[●] per Calculation Amount
	(d)	Broken Amount(s):	[●] per Calculation Amount, payable on the Interest Payment Date falling [in/or] [●] [Not Applicable]
	(e)	Day Count Fraction:	[30/360] [Actual/Actual (ICMA)]
	(f)	Determination Date(s):	[[●] in each year] [Not Applicable]
16	Reset Note Provisions:		[Applicable/Not Applicable]
	(a)	Initial Rate of Interest:	[●] per cent. per annum payable in arrear on each Interest Payment Date
	(b)	First Margin:	[+/-][●] per cent. per annum
	(c)	Subsequent Margin:	[[+/-][●] per cent. per annum] [Not Applicable]
	(d)	Interest Payment Date(s):	[[●] [and [●]] in each year from (and including) [●] up to (and including) the Maturity Date
	(e)	Fixed Coupon Amount to (but excluding) the First Reset Date:	[●] per Calculation Amount
	(f)	Broken Amount(s):	[[●] per Calculation Amount, payable on the Interest Payment Date falling [in/on] [●]][Not Applicable]
	(g)	Reset Reference Rate:	[CMT Rate/Mid-Swaps/Reference Bond]
	(h)	First Reset Date:	[●]
	(i)	Second Reset Date:	[●]/[Not Applicable]
	(j)	Subsequent Reset Date(s):	[●] [and [●]] [Not Applicable]
	(k)	Relevant Screen Page:	[●]
	(l)	Mid-Swap Rate:	[Single Mid-Swap Rate/ Mean Mid-Swap Rate/ Not Applicable]
	(m)	Fixed Leg Swap Duration:	[12 months / 6 months / [●]] [Not Applicable]

	(n)	Floating Leg Swap Duration:	[12 months / 6 months / 3 months / [●]] [Not Applicable]
	(o)	Mid-Swap Floating Leg Benchmark Rate:	[[6]-month EURIBOR (calculated on an Actual/360 day count basis)] / [Overnight SONIA rate compounded for the Floating Leg Swap Duration (calculated on an Actual/365 day count basis)] / [Overnight SOFR rate compounded for the Floating Leg Swap Duration (calculated on an Actual/360 day count basis)] / [●] / [Not Applicable]
	(p)	Mid-Swap Fallback Rate:	[[●] per cent.] [Not Applicable]
	(q)	Reference Bond Reset Rate Time:	[●] [Not Applicable]
	(r)	Reference Bond Fallback Rate:	[●] [Not Applicable]
	(s)	CMT Designated Maturity:	[●]/[Not Applicable]
	(t)	CMT Rate Screen Page:	[●]/[Not Applicable]
	(u)	First Reset Period Fallback (CMT Rate):	[●]/[Not Applicable]
	(v)	Day Count Fraction:	[30/360] [Actual/Actual (ICMA)]
	(w)	Reset Determination Date(s):	[[●] in each year][Not Applicable]
	(x)	Business Centre(s):	[●]
	(y)	Calculation Agent:	[Principal Paying Agent]/[●]
17	Floating Rate Note Provisions:		[Applicable/Not Applicable]
	(a)	Specified Period(s)/Specified Interest Payment Dates:	[●] in each year from (and including) [●] up to (and including) [the Maturity Date][●] [, subject, in each case, to adjustment in accordance with the Business Day Convention set out in (b) below/not subject to adjustment, as the Business Day Convention in (b) is specified to be Not Applicable]
	(b)	Business Day Convention:	[Floating Rate Convention/Following Business Day Convention/ Modified Following Business Day Convention/ Preceding Business Day Convention/ Modified Preceding Business Day Convention] [Not Applicable]
	(c)	Additional Business Centre(s):	[●]
	(d)	Party responsible for calculating the Rate of Interest and Interest Amount:	[Principal Paying Agent]/[●] (the "Calculation Agent")
	(e)	Screen Rate Determination:	[Applicable/Not Applicable]
		• Reference Rate:	[Compounded Daily SONIA] [Compounded Daily SOFR] [Weighted Average SOFR] [Compounded Daily €STR] [[●]-month [EURIBOR]/[●]]

- Term Rate: [Applicable/Not Applicable]
  - Specified Time: [[11.00 a.m./[●]] in the Relevant Financial Centre] / [Not Applicable]
  - Relevant Financial Centre: [London/New York/Brussels/[●]] / [Not Applicable]
- Overnight Rate: [Applicable/Not Applicable]
  - Index Determination: [Applicable/Not Applicable]
    - Relevant Number: [[5 / [●]] [[London Banking Days]/[U.S. Government Securities Business Days]/[Not Applicable]

      (If 'Index Determination' is 'Not Applicable', delete 'Relevant Number' and complete the remaining bullets below)

      (If 'Index Determination' is 'Applicable', insert number of days (expected to be five or greater) as the Relevant Number, and the remaining bullets below will each be 'Not Applicable')
  - Observation Method: [Lag/Lock-out/Observation Shift/Not Applicable]
    - Lag Period: [5 / [●] [London Banking Days] [U.S. Government Securities Business Days] [TARGET Business Days] [[*City*] Banking Days] [Not Applicable]
    - Observation Shift Period: [5 / [●] [London Banking Days] [U.S. Government Securities Business Days] [TARGET Business Days] [[*City*] Banking Days] [Not Applicable]

      (*NB: A minimum of 5 relevant business/banking days should be specified for the Lag Period or Observation Shift Period, unless otherwise agreed with the Calculation Agent*)
- Interest Determination Date(s): [●] [TARGET/[●]] Business Days [in [●]] prior to the [●] day in each Interest Period/each Interest Payment Date][The [first/[●]] [London Banking Day]/[TARGET Business Day] / [U.S. Government Securities Business Day] falling after the last day of the relevant Observation Period][The [first/[])][ ]] Banking Day falling after the last day of the relevant Observation Period (where "[*City*] Banking Day" means any day on which commercial banks are open for general business (including dealing in foreign exchange and foreign currency deposits) in [*City*])][●]

	• Relevant Screen Page:	[●] [Not Applicable]
	(f) Linear Interpolation:	[Not Applicable/Applicable – the Rate of interest for the [long/short] [first/last] Interest Period shall be calculated using Linear Interpolation *(specify for each short or long interest period)*]
	(g) Margin(s):	[+/-][●] per cent. per annum [Applicable/Not Applicable]
	(h) Minimum Rate of Interest:	[●] per cent. per annum [Applicable/Not Applicable]
	(i) Maximum Rate of Interest:	[●] per cent. per annum [Applicable/Not Applicable]
	(j) Day Count Fraction:	[Actual/Actual (ISDA)] [Actual/Actual] [Actual/365 (Fixed)] [Actual/365 (Sterling)] [Actual/360] [30/360] [360/360][Bond Basis] [30E/360] [Eurobond Basis] [30E/360 (ISDA)]
18	Zero Coupon Note Provisions:	[Applicable/Not Applicable]
	(a) Accrual Yield:	[●] per cent. per annum
	(b) Reference Price:	[●]
	(c) Day Count Fraction in relation to Early Redemption Amounts:	[360/360] [Actual/360] [Actual/365]
	(d) Calculation Agent (if any):	[Principal Paying Agent]/[●]
19	Benchmark Discontinuation:	[Applicable/Not Applicable]
	(a) Benchmark Replacement:	[Applicable – Condition [5(f)(i)] applies] / [Not Applicable]
	(b) Benchmark Transition:	[Applicable – Condition [5(f)(ii)] applies] / [Not Applicable] *(Unless otherwise agreed, select 'Benchmark Transition' if the Notes are Floating Rate Notes or Reset Notes denominated in US$; otherwise, select 'Benchmark Replacement')*
PROVISIONS RELATING TO REDEMPTION		
20	Notice periods for Condition 7(b):	Minimum period: [15] days Maximum period: [60] days
21	Issuer Call:	[Applicable/Not Applicable]
	(a) Optional Redemption Date(s):	[●] / [Any day falling in the period commencing on (and including) [●] and ending

			on ([and including/but excluding]) [the [first] Reset Date]/[the Maturity Date]/[●]
	(b)	Optional Redemption Amount:	[●] per Calculation Amount
	(c)	If redeemable in part:	
		(i) Minimum Redemption Amount:	[●]
		(ii) Maximum Redemption Amount:	[●]
	(d)	Notice periods:	Minimum period: [15] days Maximum period: [30] days
22	Clean-up Call		[Applicable/Not Applicable]
	(a)	Clean-up Call Threshold Percentage:	[75 per cent./*specify*]
	(b)	Clean-up Call Redemption Amount:	[●] per Calculation Amount
	(c)	Clean-up Call Effective Date:	[●]/[Issue Date]
	(d)	Notice periods:	Minimum period: [15] days Maximum period: [30] days
23	Regulatory Event (Subordinated Notes only):		[Full Exclusion / Full or Partial Exclusion / Not Applicable]
24	Senior Non-Preferred Notes: Loss Absorption Disqualification Event Redemption:		[Applicable/Not Applicable]
	(a)	Loss Absorption Disqualification Event:	[Full Exclusion/Full or Partial Exclusion/Not Applicable]
	(b)	Loss Absorption Disqualification Event Redemption Price:	[[●] per cent. / per Calculation Amount]
	(c)	Senior Non-Preferred Notes: Substitution and Variation:	[Applicable/Not Applicable]
25	Investor Put:		[Applicable/Not Applicable]
	(a)	Optional Redemption Date(s):	[●] / [Any day falling in the period commencing on (and including) [●] and ending on ([and including/but excluding]) [the [first] Reset Date]/[the Maturity Date]/[●]
	(b)	Optional Redemption:	[●] per Calculation Amount
	(c)	Notice period:	Minimum period: [15] days Maximum period: [30] days
26	Final Redemption Amount:		[●] per Calculation Amount
27	Early Redemption Amount of each Note payable on redemption for taxation or regulatory reasons or on event of default:		[●] per Calculation Amount

GENERAL PROVISIONS APPLICABLE TO THE NOTES

28	(a)	Form of Notes:	[Bearer Notes /Registered Notes] [Temporary Global Note exchangeable for a Permanent Global Note which is exchangeable for Definitive Notes in the limited

		circumstances specified in the Permanent Global Note] [Temporary Global Note exchangeable for Definitive Notes on [●] days' notice] [Permanent Global Note exchangeable for Definitive Notes in the limited circumstances specified in the Permanent Global Note] [Global Certificate registered in the name of a nominee for [a common depositary for Euroclear and Clearstream, Luxembourg/a common safekeeper for Euroclear and Clearstream, Luxembourg (that is, held under the NSS)]]
	(b) New Global Note / New Safekeeping Structure:	[New Global Note]/[New Safekeeping Structure]/ [Not Applicable]
29	Additional Financial Centre(s):	[Not Applicable/[●]]
30	Talons for future Coupons to be attached to Definitive Notes:	[Yes. As the Notes have more than 27 coupon payments, Talons may be required if, on exchange into definitive form, more than 27 coupon payments are still to be made/No.]

Third Party Information

[●] has been extracted from [●]. The Issuer confirms that such information has been accurately reproduced and that, so far as it is aware and is able to ascertain from information published by [●], no facts have been omitted which would render the reproduced information inaccurate or misleading.]

Signed on behalf of **the Issuer**:

By:.....

Duly authorised

PART B — OTHER INFORMATION

1 LISTING

(i) Listing and admission to trading:	[Application has been made by the Issuer (or on its behalf) for the Notes to be admitted to trading on the London Stock Exchange's main market and to listing on the Official List of the FCA with effect from [on or around] [ ]/[the Issue Date].]
(ii) Estimate of total expenses related to admission to trading:	[ ]

2 RATINGS

Ratings: The Notes to be issued [[have been]/[are expected to be]/[have not been]] rated]/[The following ratings reflect the ratings assigned to Notes of this type issued under the Programme generally]:

[Moody's Investors Service Limited ("Moody's"): [●]]

[Fitch Ratings Ltd ("Fitch"): [●]]

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

The rating agenc[y/ies] above [has/have] published the following high-level description[s] of such rating[s]:

- A rating of [●] by Moody's is described by it as indicating [●]. (Source: [●])
- A rating of [●] by Fitch is described by it as indicating [●].] (Source: [●])

The above description[s] [has/have] been extracted from the website of the relevant rating agency. The Issuer confirms that such information has been accurately reproduced and that, so far as it is aware and is able to ascertain from information published by the relevant rating agency, no parts have been omitted which would render the reproduced information inaccurate or misleading.]

3 INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE

[Save for any fees payable to the [Managers/Dealers], so far as the Issuer is aware, no person involved in the issue of the Notes has an interest material to the offer. The [Managers/Dealers] and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with and may perform other services for, the Issuer and its affiliates in the ordinary course of business.]

4 REASONS FOR THE OFFER AND ESTIMATED NET PROCEEDS

(i) Reasons for the offer:	[*See* "*Use of Proceeds*" *in the Base Prospectus*]/[*Give details*]]
(ii) Estimated Net Proceeds:	[●]

5 YIELD

Indication of yield:	[●] The yield is calculated at the Issue Date on the basis of the Issue Price [for the period from the Issue Date until the First Reset Date]. It is not an indication of future yield. *[retain for Fixed Rate Notes/Reset Notes only]*

6 OPERATIONAL INFORMATION

(i) ISIN:	[●]
(ii) Common Code:	[●]
(iii) CFI:	[[See/[[*include code*][2], as updated, as set out on] the website of the Association of National Numbering Agencies (ANNA) or alternatively sourced from the responsible National Numbering Agency that assigned the ISIN/Not Applicable/Not Available]
(iv) FISN:	[[See/[[*include code*][3], as updated, as set out on] the website of the Association of National Numbering Agencies (ANNA) or alternatively sourced from the responsible National Numbering Agency that assigned the ISIN/Not Applicable/Not Available]
(v) Any clearing system(s) other than Euroclear and Clearstream, Luxembourg and the relevant identification number(s):	[Not Applicable/[●]]
(vi) Names and addresses of additional Paying Agent(s) (if any):	[●]

[2]The actual code should only be included where the issuer is comfortable that it is correct.

[3]The actual code should only be included where the issuer is comfortable that it is correct.

(vii)	Intended to be held in a manner which would allow Eurosystem eligibility:	[Yes. Note that the designation "yes" simply means that the Notes are intended upon issue to be deposited with one of the ICSDs as common safekeeper [(and registered in the name of a nominee of one of the ICSDs acting as common safekeeper,] and does not necessarily mean that the Notes will be recognised as eligible collateral for Eurosystem monetary policy and intra day credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met.] / [No. Whilst the designation is specified as "no" at the date of these Final Terms, should the Eurosystem eligibility criteria be amended in the future such that the Notes are capable of meeting them the Notes may then be deposited with one of the ICSDs as common safekeeper [(and registered in the name of a nominee of one of the ICSDs acting as common safekeeper,]. Note that this does not necessarily mean that the Notes will then be recognised as eligible collateral for Eurosystem monetary policy and intra day credit operations by the Eurosystem at any time during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met.]]

7 DISTRIBUTION

(i)	U.S. Selling Restrictions:	[TEFRA D/TEFRA C/TEFRA not applicable]
(ii)	Prohibition of sales to EEA Retail Investors:	[Applicable/Not Applicable]
(iii)	Prohibition of sales to UK Retail Investors:	[Applicable/Not Applicable]
(iv)	Singapore Sales to Institutional Investors and Accredited Investors only:	[Applicable/Not Applicable] (*N.B. advice should be taken from Singaporean counsel before disapplying this selling restriction*)

GENERAL INFORMATION

Authorisation

The update of the Programme and the issue of any Senior Preferred Notes or Senior Non-Preferred Notes have been duly authorised by resolutions of the Board of Directors of the Issuer dated 27 September 2022 and of the Board Risk Committee dated 24 October 2023.

Listing of Notes

Application has been made to the FCA for Notes issued under the Programme to be admitted to the Official List and to the London Stock Exchange for such Notes to be admitted to trading on the London Stock Exchange's main market. The listing of each Tranche of Notes on the Official List will be expressed as a percentage of their principal amount (excluding accrued interest). It is expected that any tranche of Senior Preferred Notes, Senior Non-Preferred Notes or Subordinated Notes intended to be admitted to the Official List and to trading on the London Stock Exchange's main market will be admitted to listing and trading separately, as and when issued, subject only to the issue of one or more Global Notes initially representing the relevant Notes of such Tranche.

Documents Available

For the period of 12 months following the date of this Base Prospectus, copies of the following documents will, when published, be available for inspection from https://www.skipton.co.uk/investorrelations/wholesalefundingprogrammes/emtnprogrammes.

(i) the Rules and the Memorandum of the Issuer;

(ii) the Agency Agreement, the Trust Deed (which contains the forms of the Global Notes, the Notes in definitive form, the Coupons and the Talons) and the Issuer-ICSDs Agreement;

(iii) a copy of this Base Prospectus; and

(iv) any future base prospectuses, information memoranda and supplements, Final Terms to this Base Prospectus and any other documents incorporated herein or therein by reference.

Clearing Systems

The Notes have been accepted for clearance through Euroclear and Clearstream, Luxembourg (which are the entities in charge of keeping the records). The appropriate Common Code and ISIN for each Tranche of Notes allocated by Euroclear and Clearstream, Luxembourg will be specified in the applicable Final Terms. If the Notes are to clear through an additional or alternative clearing system the appropriate information will be specified in the applicable Final Terms.

The address of Euroclear is Euroclear Bank SA/NV, 1 Boulevard du Roi Albert II, B-1210 Brussels, Belgium and the address of Clearstream, Luxembourg is Clearstream Banking, 42 Avenue JF Kennedy, L-1855 Luxembourg.

Conditions for determining price

The price and amount of Notes to be issued under the Programme will be determined by the Issuer and the relevant Dealer at the time of issue in accordance with prevailing market conditions.

Significant or Material Change

There has been no significant change in the financial performance or financial position of the Issuer or the Group since 30 June 2023, being the date to which the Group's last published unaudited interim financial statements were prepared.

There has been no material adverse change in the prospects of the Issuer since 31 December 2022, being the date to which the Issuer's last published audited financial statements were prepared.

Litigation

There are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer is aware) in the 12 months preceding the date of this document which may have or have in such period had a significant effect on the financial position or profitability of the Issuer and/or the Group.

Auditors

Ernst & Young LLP, Chartered Accountants, have audited and rendered unqualified audit reports on the consolidated annual financial statements of the Issuer for the financial years ended 31 December 2021 and 2022. The auditors of the Issuer have no material interest in the Issuer.

The Trust Deed provides that any certificate or report of the auditors of the Issuer or any other expert called for by or provided to the Trustee (whether or not addressed to the Trustee) in accordance with or for the purposes of the Trust Deed may be relied upon by the Trustee as sufficient evidence of the facts stated therein notwithstanding that such certificate or report and/or any engagement letter or other document entered into by the auditors of the Issuer or such other expert in respect thereof contains a monetary or other limit on the liability of the auditors of the Issuer or such other person in respect thereof and notwithstanding that the scope and/or basis of such certificate or report may be limited by any engagement or similar letter or by the terms of the certificate or report itself.

Post-issuance information

The Issuer does not intend to provide any post-issuance information in relation to any issues of Notes.

Dealers transacting with the Issuer

Certain of the Dealers and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform services to the Issuer and its affiliates in the ordinary course of business. Certain of the Dealers and their affiliates may also enter into swap and derivative transactions with the Issuer and its affiliates and/or in relation to Notes issued under the Programme.

In addition, in the ordinary course of their business activities, the Dealers and their affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of the Issuer or its affiliates. Certain of the Dealers or their affiliates that have a lending relationship with the Issuer routinely hedge their credit exposure to the Issuer consistent with their customary risk management policies. Typically, such Dealers and their affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in securities, including potentially the Notes issued under the Programme. Any such positions could adversely affect future trading prices of Notes issued under the

Programme. The Dealers and their affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

REGISTERED AND HEAD OFFICE OF THE SOCIETY

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ARRANGER

Barclays Bank PLC
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London E14 5HP

TRUSTEE

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160 Queen Victoria Street
London EC4V 4LA
United Kingdom

PRINCIPAL PAYING AGENT AND TRANSFER AGENT

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REGISTRAR

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