PROSPECTUS **Dated 18 May 2020**

LLOYDS BANKING GROUP plc

(incorporated in Scotland with limited liability with registered number 95000)

£25,000,000,000
Euro Medium Term Note Programme

This Prospectus (the "**Prospectus**") is issued in connection with the Programme (as defined below). Save where otherwise specified in the applicable Final Terms, any Notes (as defined below) issued under the Programme on or after the date of this Prospectus are issued subject to the provisions described herein. This does not affect any Notes already in issue. Under the Euro Medium Term Note Programme described in this Prospectus (the "**Programme**"), Lloyds Banking Group plc (the "**Company**"), subject to compliance with all relevant laws, regulations and directives, may from time to time issue Euro Medium Term Notes (the "**Notes**"). The aggregate nominal amount of Notes outstanding will not at any time exceed £25,000,000,000 (or the equivalent in other currencies), subject to increase as provided herein.

Notes to be issued under the Programme may comprise (i) unsubordinated Notes ("**Senior Notes**") and (ii) Notes which are subordinated as described herein and have terms capable of qualifying as Tier 2 Capital (as defined in "*Terms and Conditions of the Notes*") (the "**Dated Subordinated Notes**").

Application has been made to the Financial Conduct Authority (the "**FCA**") under Part VI of the Financial Services and Markets Act 2000 (the "**FSMA**") for Notes issued under the Programme (other than PR Exempt Notes (as defined below)) for the period of twelve months from the date of this 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 London Stock Exchange's Regulated Market (the "**Market**"). References in this Prospectus to Notes being "**listed**" (and all related references) shall mean that such Notes have been admitted to trading on the Market and have been admitted to the Official List. The Market is a regulated market for the purposes of Directive 2014/65/EU of the European Parliament and of the Council on markets in financial instruments (as amended, "**MiFID II**").

Application has also been made for PR Exempt Notes issued under the Programme to be admitted to trading on the International Securities Market (the "**ISM**") of the London Stock Exchange. The ISM is not a regulated market for the purposes of MiFID II. **The ISM is a market designated for professional investors. Securities admitted to trading on the ISM are not admitted to the Official List of the FCA. The London Stock Exchange has not approved or verified the contents of this Prospectus.**

The Programme provides that PR Exempt Notes may be listed or admitted to trading, as the case may be, on such other or further stock exchange(s) or markets (other than a stock exchange or market which is a regulated market for the purposes of MiFID II) as may be agreed between the Company and the relevant Dealer. The Company may also issue unlisted PR Exempt Notes and/or PR Exempt Notes not admitted to trading on any stock exchange or market. In the case of PR Exempt Notes, the applicable Pricing Supplement (as defined below) will state whether or not the relevant Notes will be so listed and/or admitted to trading and, if so, the market on which such Notes are admitted to trading.

The relevant Final Terms (as defined herein) or Pricing Supplement (as defined herein) in respect of the issue of any Notes will specify whether or not such Notes will be listed on the Official List and admitted to trading on the Market (or any other stock exchange). References in this Prospectus to "**PR Exempt Notes**" are to Notes for which no prospectus is required to be published pursuant to the Prospectus Regulation (as defined herein). Information contained in this Prospectus regarding PR Exempt Notes shall not be deemed to form part of this Prospectus and the FCA acting under Part VI of the FSMA has neither approved nor reviewed information contained in this Prospectus in connection with the offering and sale of PR Exempt Notes. In the case of PR Exempt Notes, notice of the aforesaid information which is applicable to each Tranche (as defined herein) will be set out in a pricing supplement document ("**Pricing Supplement**"). Accordingly, in the case of PR Exempt Notes, each reference in this Prospectus to information being specified or identified in the applicable Final Terms shall be read and construed as a reference to such information being specified or identified in the applicable Pricing Supplement, unless the context requires otherwise.

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

Each Tranche of Notes in bearer form will be represented on issue by a temporary global note in bearer form (each a "**temporary Global Note**") or a permanent global note in bearer form (each a "**permanent Global Note**" and, together with the temporary Global Notes, the "**Global Notes**"). Notes in registered form may also be issued. The minimum specified denomination of the Notes shall be at least the greater of (i) €100,000 (or its equivalent in another currency as at the date of issue of the Notes) or (ii) the minimum amount allowed or required from time to time by the relevant central bank (or equivalent body) or any laws or regulations applicable to the Specified Currency of the Notes.

As at the date of this Prospectus: (i) long-term senior obligations of the Company are rated "BBB+" by S&P, "A3" by Moody's and "A+" by Fitch and (ii) short-term senior obligations of the Company are rated "A-2" by S&P, "P-2" by Moody's and "F1" by Fitch. Each of Fitch, Moody's and S&P is established in the United Kingdom or the European Union and is registered under Regulation (EC) No. 1060/2009 (as amended) of the European Parliament and of the Council of 16 September 2009 on credit rating agencies.

Tranches of Notes to be issued under the Programme will be rated or unrated. Where a Tranche of Notes is to be rated, such rating will not necessarily be the same as the rating assigned to the Notes already issued. Whether or not a rating in relation to any Tranche of Notes will be treated as having been issued by a credit rating agency established in the United Kingdom or the European Union and registered under Regulation

(EC) No 1060/2009 (as amended) on credit rating agencies will be disclosed in the relevant Final Terms or Pricing Supplement. 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.

This Prospectus will be valid as a base prospectus under the Prospectus Regulation for 12 months from 18 May 2020. The obligation to supplement this Prospectus in the event of significant new factors, material mistakes or material inaccuracies will not apply following the expiry of that period.

Prospective investors should have regard to the factors described under the section headed "Risk Factors" in this Prospectus. This Prospectus does not describe all of the risks of an investment in the Notes.

Prospective investors in Notes should ensure that they understand the nature of the relevant Notes and the extent of their exposure to risks and that they consider the suitability of the relevant Notes as an investment in the light of their own circumstances and financial condition. It is the responsibility of prospective investors to ensure that they have sufficient knowledge, experience and professional advice to make their own legal, financial, tax, accounting and other business evaluation of the merits and risks of investing in the Notes and are not relying on the advice of the Company, the Trustee (as defined herein) or any Dealer (as defined herein) in that regard.

Arranger
BofA Securities

Co-arranger
Lloyds Bank Corporate Markets

Dealers

Barclays
BNP PARIBAS
Commerzbank
Credit Suisse
Deutsche Bank
Goldman Sachs International
J.P. Morgan
Mizuho Securities
NatWest Market
RBC Capital Markets
Standard Chartered Bank
UniCredit Bank

BofA Securities
Citigroup
Crédit Agricole CIB
Daiwa Capital Markets Europe
DZ BANK AG
HSBC
Lloyds Bank Corporate Markets
Morgan Stanley
Nomura
SMBC Nikko
UBS Investment Bank
Wells Fargo Securities

This Prospectus comprises a base prospectus for the purposes of the Prospectus Regulation. When used in this Prospectus, "Prospectus Regulation" means Regulation (EU) 2017/1129 (as amended).

The Company accepts responsibility for the information contained in this Prospectus. To the best of the knowledge of the Company the information contained in this Prospectus is in accordance with the facts and the Prospectus as completed by the relevant Final Terms or the Pricing Supplement (as applicable) does not omit anything likely to affect the import of such information.

The Notes may not be a suitable investment for all investors. Each potential investor in any Notes must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should:

(i) **have sufficient knowledge and experience to make a meaningful evaluation of the relevant Notes, the merits and risks of investing in the relevant Notes and the information contained or incorporated by reference in this Prospectus or any applicable Supplemental Prospectus or any applicable drawdown prospectus;**

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

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

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

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

(vi) **understand the accounting, legal, regulatory and tax implications of a purchase, holding and disposal of an interest in the relevant Notes.**

An investment in the Notes may give rise to higher yields than a bank deposit placed with a deposit-taking bank within the Group. However, an investment in the Notes carries risks which are very different from the risk profile of such a bank deposit. The Notes may provide greater liquidity than a bank deposit since bank deposits are generally not transferable. Conversely, unlike certain bank deposits (i) holders of the Dated Subordinated Notes, Restricted Events of Default Senior Notes and (where the Put Option is stated in the relevant Final Terms or Pricing Supplement to be not applicable) Senior Notes have no ability to require repayment of their investment unless an Event of Default occurs and then only in limited circumstances (see "*Terms and Conditions of the Notes*") and (ii) holders of the Notes will not have the benefit of any insurance or deposit guarantee of the FSCS (as defined below) or any other government agency. In particular, the Dated Subordinated Notes are complex and of high risk. In some jurisdictions, regulatory authorities have adopted or published laws, regulations or guidance with respect to the offer or sale of securities such as the Dated Subordinated Notes to retail investors. There are risks inherent in the holding of the Dated Subordinated Notes, including the risks in relation to their subordination and the circumstances in which Noteholders may suffer loss as a result of holding the Dated Subordinated Notes. See also "*Risks related to the structure of a particular issue of Notes*" *and* "*Risks related to Notes generally*".

Some Notes may be purchased by investors as a way to reduce risk or enhance yield with an understood, measured, appropriate addition of risk to their overall portfolios. A potential investor should not invest in any Notes unless it has the expertise (either alone or with the help of a financial adviser) to evaluate how the Notes will perform under changing conditions, the resulting effects on the value of such Notes and the impact this investment will have on the potential investor's overall investment portfolio.

This Prospectus is to be read in conjunction with all documents which are incorporated herein by reference (see "*Documents Incorporated by Reference*").

No person is or has been authorised to give any information or to make any representation other than as contained in this Prospectus in its entirety in connection with the offering of the Notes and, if given or made, such information or representation must not be relied upon as having been authorised by the Company or any of the Dealers, the Arranger or the Co-arranger or the Trustee (each as defined in "*Overview of the Programme*"). Neither the delivery of this Prospectus nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Company or the Group since the date hereof or the date upon which this Prospectus has been most recently amended or supplemented or that any other information supplied in connection with the Programme is correct as of any time subsequent to the date on which it is supplied or, if different, the date indicated in the document containing the same. Neither this 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 or constituting an invitation or offer by the Company, the Trustee, the Arranger, the Co-arranger or any of the Dealers that any recipient of this Prospectus or any other information supplied in connection with the Programme or any Notes should purchase any Notes. Each prospective 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 Company. Neither this Prospectus nor any other information supplied in connection with the Programme or the issue of any Notes constitutes an offer of, or an invitation by or on behalf of, the Company or any of the Dealers or the Trustee to any person to subscribe for or purchase, any Notes.

No representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by the Dealers, the Arranger or the Co-arranger as to the accuracy or completeness of the information contained or incorporated by reference in this Prospectus or any other information provided by the Company in connection with the Programme. Neither the Dealers, the Arranger nor the Co-arranger accepts any liability in relation to the information contained or incorporated by reference in this Prospectus or any other information provided by the Company in connection with the Programme.

The Dealers expressly do not undertake to review the financial condition or affairs of the Company during the life of the Programme.

MiFID II PRODUCT GOVERNANCE / TARGET MARKET: The Final Terms or Pricing Supplement 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 (as defined below) 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 of Notes about whether, for the purpose of the MiFID Product Governance rules under EU Delegated Directive 2017/593 (the "MiFID Product Governance Rules"), any Dealer subscribing for any Notes is a manufacturer in respect of such Notes,

but otherwise neither the Arranger, the Co-arranger nor the Dealers nor any of their respective affiliates will be a manufacturer for the purpose of the MiFID Product Governance Rules.

PRIIPS / IMPORTANT – EEA AND 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 European Economic Area ("EEA") or 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 (11) of Article 4(1) of MiFID II (as defined below); or (ii) a customer within the meaning of Directive (EU) 2016/97, as amended or superseded, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II. Consequently, no key information document required by Regulation (EU) No 1286/2014 (as amended, the "PRIIPs Regulation") for offering or selling the Notes or otherwise making them available to retail investors in the EEA or in the UK has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA or in the UK may be unlawful under the PRIIPs Regulation.

The distribution of this Prospectus and the offering or sale of the Notes in certain jurisdictions may be restricted by law. Persons into whose possession this Prospectus comes are required by the Company, the Dealers, the Arranger and the Co-arranger to inform themselves about and to observe any such restriction. The Notes have not been and will not be registered under the United States Securities Act of 1933 (the "Securities Act"), and include Notes in bearer form that are subject to U.S. tax law requirements. Subject to certain exceptions, Notes may not be offered, sold or delivered within the United States or to, or for the accounts or benefit of, U.S. persons. The Notes are being offered and sold outside the United States to persons that are not U.S. persons (as defined in Regulation S ("Regulation S") under the Securities Act) in reliance on Regulation S. For a description of certain restrictions on offers and sales of Notes and on distribution of this Prospectus, see "*Selling Restrictions*". If, in respect of any offering of Notes, the offer of such Notes in a given jurisdiction is required to be made by a licensed broker or dealer and if any Dealer or any affiliate of any Dealer involved in such offering is so licensed and so agrees, the offer of such Notes in such jurisdiction shall be deemed to be made by the relevant Dealer(s) or affiliate(s), as the case may be, on behalf of the Company.

The Notes have not been approved or disapproved by the U.S. Securities and Exchange Commission, any State securities commission in the United States or any other U.S. regulatory authority, nor has any of the foregoing authorities passed upon or endorsed the merits of the offering of Notes or the accuracy or the adequacy of this Prospectus. Any representation to the contrary is a criminal offence in the United States.

In this Prospectus, unless otherwise specified or the context otherwise requires, references to "£", "pounds" and "Sterling" are to pounds sterling, references to "U.S. dollars" and to "U.S.$" are to United States dollars, references to "Yen" are to Japanese Yen, references to "Renminbi", "RMB" and "CNY" are to the lawful currency of the PRC, references to "Hong Kong dollars" are to the lawful currency of Hong Kong and references to "€" and "euro" are 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 European Union, as amended.

In this Prospectus, references to "PRC" are to the People's Republic of China which, for the purpose of this Prospectus, shall exclude Hong Kong, the Macau Special Administrative Region of the People's Republic of China and Taiwan.

In this Prospectus, references to "CNH Notes" are to Notes denominated in CNY or Renminbi deliverable in Hong Kong.

In this Prospectus, references to "CMU Notes" are to Notes denominated in any lawful currency which the Central Moneymarkets Unit Service (the "CMU Service") accepts for settlement from time to time that are, or are intended to be, cleared through the CMU Service.

If the Global Notes are stated in the applicable Final Terms or Pricing Supplement to be issued in new global note ("NGN") form, the Global Notes will be delivered on or prior to the original 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/or any other agreed clearing system. If a Global Certificate is held under the new safekeeping structure (the "NSS"), the Global Certificate will be delivered on or prior to the original issue date of the relevant Tranche to a Common Safekeeper for Euroclear and Clearstream, Luxembourg and/or any other agreed clearing system. Global Notes which are not issued in NGN form ("Classic Global Notes" or "CGNs") and Global Certificates which are not held under the NSS will be deposited on the issue date of the relevant Tranche with a common depositary on behalf of Euroclear and Clearstream, Luxembourg and/or any other agreed clearing system. Notes in registered form ("Registered Notes") will be represented by registered certificates (each a "Certificate"). Registered Notes which are sold to persons that are not U.S. persons in an 'offshore transaction' within the meaning of Regulation S under the Securities Act, will initially be represented by a permanent registered global certificate (each, a "Global Certificate"), which will, unless held under the NSS, be deposited on the issue date of the relevant Tranche either with (a) a common depositary on behalf of Euroclear and Clearstream, Luxembourg or (b) in respect of CMU Notes, a sub-custodian for the CMU Service operated by the HKMA or (c) and/or any other agreed clearing system. Investors may also hold interests in the Notes through Euroclear UK & Ireland Limited (formerly known as CRESTCo Limited) ("CREST") through the issuance of dematerialised depository interests ("CREST Depository Interests" or "CDIs") issued, held, settled and transferred through CREST, representing interests in the relevant Notes underlying the CDIs (the "Underlying Notes"). CREST Depository Interests are independent securities constituted under English law and transferred through CREST and will be issued by CREST Depository Limited (the "CREST Depository") pursuant to the global deed poll dated 25 June 2001 (as subsequently modified, supplemented and/or restated) (the "CREST Deed Poll"). The provisions governing the exchange of interests in Global Notes for other Global Notes and definitive Bearer Notes are described in "*Summary of Provisions Relating to the Notes while in Global Form*".

In connection with the issue of any Tranche, the Dealer or Dealers (if any) acting as stabilisation manager(s) (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 Final Terms or Pricing Supplement, as applicable, of the offer of the relevant Tranche 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 and 60 days after the date of the allotment of the relevant Tranche. 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.

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.

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

SINGAPORE SFA PRODUCT CLASSIFICATION: In connection with Section 309B of the Securities and Futures Act (Chapter 289) of Singapore (the "SFA") and the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore (the "CMP Regulations 2018"), unless otherwise specified before an offer of Notes, the Company 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).

Certain Definitions

In this Prospectus, reference to:

(i) "**Company**" is to Lloyds Banking Group plc;

(ii) "**FCA**" is to the United Kingdom Financial Conduct Authority;

(iii) "**FSA**" is to the United Kingdom Financial Services Authority;

(iv) "**FSMA**" is to the Financial Services and Markets Act 2000;

(v) "**HBOS Group**" or "**HBOS**" is to HBOS plc and its subsidiary and associated undertakings;

(vi) "**LBCM**" is to Lloyds Bank Corporate Markets plc;

(vii) "**Lloyds Bank**" or "**Bank**" is to Lloyds Bank plc;

(viii) "**Lloyds Bank Group**" is to the Bank and its subsidiary and associated undertakings;

(ix) "**Lloyds Banking Group**", "**Lloyds**" or the "**Group**" is to the Company and its subsidiary and associated undertakings (including the members of the Lloyds Bank Group); and

(x) "**PRA**" is to the United Kingdom Prudential Regulation Authority.

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FORWARD LOOKING STATEMENTS

Certain statements included herein may constitute forward looking statements with respect to the business, strategy, plans and/or results of the Group and its current goals and expectations relating to its future financial condition and performance. Statements that are not historical facts, including statements about the Group's or its directors' and/or management's beliefs and expectations, are forward looking statements. Words such as 'believes', 'anticipates', 'estimates', 'expects', 'intends', 'aims', 'potential', 'will', 'would', 'could', 'considered', 'likely', 'estimate' and variations of these words and similar future or conditional expressions are intended to identify forward looking statements but are not the exclusive means of identifying such statements. Examples of such forward looking statements include, but are not limited to: projections or expectations of the Group's future financial position including profit attributable to shareholders, provisions, economic profit, dividends, capital structure, portfolios, net interest margin, capital ratios, liquidity, risk-weighted assets, expenditures or any other financial items or ratios; litigation, regulatory and governmental investigations; the Group's future financial performance; the level and extent of future impairments and write-downs; statements of plans, objectives or goals of the Group or its management including in respect of statements about the future business and economic environments in the UK and elsewhere including, but not limited to, future trends in interest rates, foreign exchange rates, credit and equity market levels and demographic developments; statements about competition, regulation, disposals and consolidation or technological developments in the financial services industry; and statements of assumptions underlying such statements.

By their nature, forward looking statements involve risk and uncertainty because they relate to events and depend upon circumstances that will or may occur in the future.

Factors that could cause actual business, strategy, plans and/or results (including but not limited to the payment of dividends) to differ materially from forward looking statements made by the Group or on its behalf include, but are not limited to: general economic and business conditions in the UK and internationally; market related trends and developments; fluctuations in interest rates, inflation, exchange rates, stock markets and currencies; any impact of the transition from interbank offered rates (IBORs) to alternative reference rates; the ability to access sufficient sources of capital, liquidity and funding when required; changes to the Group's credit ratings; the ability to derive cost savings and other benefits including, but without limitation as a result of any acquisitions, disposals and other strategic transactions; the ability to achieve strategic objectives; changing customer behaviour including consumer spending, saving and borrowing habits; changes to borrower or counterparty credit quality; concentration of financial exposure; management and monitoring of conduct risk; instability in the global financial markets, including Eurozone instability, instability as a result of uncertainty surrounding the exit by the UK from the European Union ("**EU**") and as a result of such exit and the potential for other countries to exit the EU or the Eurozone and the impact of any sovereign credit rating downgrade or other sovereign financial issues; political instability including as a result of any UK general election; technological changes and risks to the security of IT and operational infrastructure, systems, data and information resulting from increased threat of cyber and other attacks; natural, pandemic (including but not limited to the coronavirus disease ("**COVID-19**") outbreak) and other disasters, adverse weather and similar contingencies outside the Group's control; inadequate or failed internal or external processes or systems; acts of war, other acts of hostility, terrorist acts and responses to those acts, geopolitical, pandemic or other such events; risks relating to climate change; changes in laws, regulations, practices and accounting standards or taxation, including as a result of the exit by the UK from the EU, or a further possible referendum on Scottish independence; changes to regulatory capital or liquidity requirements and similar contingencies outside the Group's control; the policies, decisions and actions of governmental or regulatory authorities or courts in the UK, the EU, the United States (the "**U.S.**") or elsewhere including the implementation and interpretation of key legislation and regulation together with any resulting impact on the future structure of the Group; the ability to attract and retain senior management and other employees and meet its diversity objectives; actions or

omissions by the Group's directors, management or employees including industrial action; changes to the Group's post-retirement defined benefit scheme obligations; the extent of any future impairment charges or write-downs caused by, but not limited to, depressed asset valuations, market disruptions and illiquid markets; the value and effectiveness of any credit protection purchased by the Group; the inability to hedge certain risks economically; the adequacy of loss reserves; the actions of competitors, including non-bank financial services, lending companies and digital innovators and disruptive technologies; and exposure to regulatory or competition scrutiny, legal, regulatory or competition proceedings, investigations or complaints.

The Group may also make or disclose written and/or oral forward looking statements in reports filed with or furnished to the U.S. Securities and Exchange Commission, the Group's annual reviews, half-year announcements, proxy statements, offering circulars, prospectuses, press releases and other written materials and in oral statements made by the directors, officers or employees of the Group to third parties, including financial analysts. Except as required by any applicable law or regulation, the forward looking statements contained in this Prospectus are made as of the date hereof, and the Group expressly disclaims any obligation or undertaking to release publicly any updates or revisions to any forward looking statements contained in this Prospectus to reflect any change in the Group's expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based.

DOCUMENTS INCORPORATED BY REFERENCE

This Prospectus should be read and construed in conjunction with the following documents:

Lloyds Banking Group plc financial statements:

(i) The Company's Q1 2020 Interim Management Statement for the three months ended 31 March 2020 (the "**Company's Q1 2020 Statement**") available at https://www.lloydsbankinggroup.com/globalassets/documents/investors/2020/2020_lbg_q1_ims.pdf;

(ii) The audited consolidated financial statements of the Company for the financial year ended 31 December 2019, together with the audit report thereon, as set out on pages 198 to 325 and 189 to 197, respectively, of the Company's Annual Report and Accounts 2019 (the "**Company's 2019 Annual Report**") available at https://www.lloydsbankinggroup.com/investors/annual-report-2019/; and

(iii) The audited consolidated financial statements of the Company for the financial year ended 31 December 2018, together with the audit report thereon, as set out on pages 170 to 282 and 161 to 169, respectively, of the Company's Annual Report and Accounts 2018 (the "**Company's 2018 Annual Repor**t") available at https://www.lloydsbankinggroup.com/globalassets/documents/investors/2018/2018_lbg_annual_report_v2.pdf,

Other documents incorporated by reference:

(i) The section entitled "*Terms and Conditions*" on pages 62 to 102 of the Base Prospectus dated 30 March 2017 relating to the Lloyds Banking Group plc £25,000,000,000 EMTN Programme available at https://www.rns-pdf.londonstockexchange.com/rns/1962B_-2017-3-31.pdf;

(ii) The section entitled "*Terms and Conditions*" on pages 65 to 110 of the Base Prospectus dated 9 April 2018 relating to the Lloyds Banking Group plc £25,000,000,000 EMTN Programme available at https://www.lloydsbankinggroup.com/globalassets/documents/investors/2018/emtn_lbg_prospectus_9apr2018.pdf; and

(iii) The section entitled "*Terms and Conditions*" on pages 65 to 116 of the Base Prospectus dated 8 April 2019 relating to the Lloyds Banking Group plc £25,000,000,000 EMTN Programme available at https://www.lloydsbankinggroup.com/globalassets/documents/investors/2019/emtn_lbg_prospectus_8apr2019.pdf,

all of which have been previously published and filed with the FCA and which shall be deemed to be incorporated in, and form part of, this Prospectus, save that any statement contained in a document which is deemed to be incorporated by reference herein shall be deemed to be modified or superseded for the purpose of this Prospectus to the extent that a statement contained herein modifies or supersedes such earlier statement (whether expressly, by implication or otherwise). Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Prospectus. Any documents or information themselves incorporated by reference in, or cross-referred to in, the documents incorporated by reference in this Prospectus shall not form part of this Prospectus unless also separately incorporated by reference above. In each case, where only certain sections of a document referred to above are incorporated by reference in the Prospectus, the parts of the document which are not incorporated by reference are either not relevant to prospective investors in the Notes or are covered elsewhere in this Prospectus.

The Company will provide, without charge, to each person to whom a copy of this Prospectus has been delivered, upon the oral or written request of such person, a copy of any or all of the documents which are

incorporated in whole or in part by reference herein. Written or oral requests for such documents should be directed to the Company at its principal office set out at the end of this Prospectus. Copies of all documents incorporated by reference in this Prospectus can also be viewed on the website of the Regulatory News Service operated by the London Stock Exchange at www.londonstockexchange.com/exchange/prices-and-news/news/market-news/market-news-home.html.

The Company will, in the event of any significant new factor, material mistake or material inaccuracy relating to information included or incorporated by reference in this Prospectus which is capable of affecting the assessment of any Notes, prepare a supplement to this Prospectus (a "**Supplemental Prospectus**") or publish a new prospectus for use in connection with any subsequent issue of Notes. The Company has undertaken to the Dealers in the Programme Agreement (as defined in "*Subscription and Sale*") that it will comply with Article 23 of the Prospectus Regulation.

PRESENTATION OF FINANCIAL INFORMATION

In this Prospectus, references to the "**consolidated financial statements**" or "**financial statements**" are to the Lloyds Banking Group's consolidated financial statements included in the Company's 2019 Annual Report, unless indicated otherwise.

The consolidated financial statements of the Company incorporated by reference within the Prospectus have been prepared in accordance with International Financial Reporting Standards ("**IFRS**") as adopted by the EU.

OVERVIEW OF THE PROGRAMME

This overview must be read as an introduction to this Prospectus and any decision to invest in the Notes should be based on a consideration of this Prospectus as a whole, including the documents incorporated by reference and the relevant Final Terms or Pricing Supplement.

Issuer	Lloyds Banking Group plc
Legal Entity Identifier (LEI) of the Company:	549300PPXHEU2JF0AM85
Website of the Company:	www.lloydsbankinggroup.com
Business	Lloyds Banking Group plc (the "**Company**") was incorporated in Scotland on 21 October 1985 (Registration number 95000). The Company's registered office is at The Mound, Edinburgh EH1 1YZ. The Company and its subsidiary and associated undertakings are referred to as the "**Lloyds Banking Group**", "**Lloyds**" or the "**Group**". As at the date of this Prospectus, Lloyds Bank plc (the "**Bank**" or "**Lloyds Bank**") is the principal operating subsidiary of Lloyds Banking Group. Lloyds Banking Group is a leading provider of financial services to individual and business customers in the UK. Its main business activities are retail and commercial banking, general insurance and long-term savings, protection and investment.
Risks relating to the Group and the Notes *Investors should note that the risks that are stated to apply to "the Group" apply also to the Company.*	Investing in the Notes issued under the Programme involves certain risks. The principal risks that may affect the ability of the Company to fulfil its obligations under the Notes are discussed under "Risk Factors" below.
Description	Euro Medium Term Note Programme.
Size	Up to £25,000,000,000 (or the equivalent in other currencies at the date of issue).
Arranger	Merrill Lynch International
Co-arranger	Lloyds Bank Corporate Markets plc
Dealers	Barclays Bank PLC BNP Paribas Citigroup Global Markets Europe AG Citigroup Global Markets Limited Commerzbank Aktiengesellschaft Crédit Agricole Corporate and Investment Bank Credit Suisse Securities (Europe) Limited Daiwa Capital Markets Europe Limited Deutsche Bank AG, London Branch DZ BANK AG Deutsche Zentral-Genossenschaftsbank, Frankfurt am Main Goldman Sachs International HSBC Bank plc

	J.P. Morgan Securities plc Lloyds Bank Corporate Markets plc Merrill Lynch International Mizuho International plc Morgan Stanley & Co. International plc NatWest Markets Plc Nomura International plc RBC Europe Limited SMBC Nikko Capital Markets Limited Standard Chartered Bank UBS AG London Branch UniCredit Bank AG Wells Fargo Securities International Limited (together, the "**Dealers**"). The Company may terminate the appointment of any dealer under the Programme or appoint additional dealers either in respect of one or more Tranches or the Programme.
Trustee	The Law Debenture Trust Corporation p.l.c.
Issuing and Paying Agent	Citibank, N.A., London Branch and, in respect of CMU Notes only, Citicorp International Limited
CMU Lodging Agent	Citicorp International Limited
Method of Issue	The Notes will be issued on a syndicated or non-syndicated basis and will be issued in series (each, a "**Series**") having one or more issue dates and on terms otherwise identical (or identical other than in respect of the first payment of interest), the Notes of each Series being intended to be interchangeable with all other Notes of that Series. Each Series may be issued in tranches (each, a "**Tranche**") on the same or different issue dates. The specific terms of each Tranche (which will be supplemented, where necessary, with supplemental terms and conditions and, save in respect of the issue date, issue price, first payment of interest and nominal amount of the Tranche, will be identical to the terms of other Tranches of the same Series) will be set out in the relevant final terms (each, a "**Final Terms**") or the relevant pricing supplement document (each, a "**Pricing Supplement**").
Issue Price	Notes may be issued at their nominal amount or at a discount or premium thereto.
Form of Notes	The Notes may be issued in bearer form only ("**Bearer Notes**") represented by a Global Note, in bearer form exchangeable for Registered Notes ("**Exchangeable Bearer Notes**") or in registered form only ("**Registered Notes**") represented by a Global Certificate. In respect of CDIs, to the extent applicable, CDI Holders will hold CDIs constituted and issued by the CREST Depository and

	representing indirect interests in the Notes. The CDIs will be issued and settled through CREST. Neither the Notes nor any rights thereto will be issued, held, transferred or settled within the CREST system otherwise than through the issue, holding, transfer and settlement of CDIs. CDI Holders will not be entitled to deal directly in the Notes and accordingly all dealings in the Notes will be effected through CREST in relation to the holding of CDIs.
Clearing Systems	With respect to Notes (other than CMU Notes), Clearstream, Luxembourg, Euroclear and such other clearing system as agreed between the Company, the Issuing and Paying Agent, the Trustee and the relevant Dealer(s). With respect to CMU Notes, the CMU Service operated by the Hong Kong Monetary Authority (the "**HKMA**"). With respect to CDIs, to the extent applicable, CREST.
Initial Delivery of Notes	On or before the issue date for each Tranche, if the relevant Global Note is a NGN or the relevant Global Certificate is held under the NSS, the Global Note or Global Certificate will be delivered to a Common Safekeeper for Euroclear and Clearstream, Luxembourg. On or before the issue date for each Tranche, if the relevant Global Note is a CGN or the relevant Global Certificate is not held under the NSS, the Global Note representing Bearer Notes or Exchangeable Bearer Notes or the Global Certificate representing Registered Notes may be (a) deposited with a common depositary for Euroclear and Clearstream, Luxembourg or (b) in respect of CMU Notes, a sub-custodian for the CMU Service operated by the HKMA. Global Notes or Global Certificates may also be deposited with any other clearing system or delivered outside any clearing system provided that the method of such delivery has been agreed in advance by the Company, the Issuing and Paying Agent, the Trustee and the relevant Dealer(s). Registered Notes will initially be represented by a Global Certificate, which, if not held under the NSS, will be deposited on the issue date of the relevant Tranche either with (a) a common depositary on behalf of Euroclear and Clearstream, Luxembourg or (b) in respect of CMU Notes, a sub-custodian for the CMU Service operated by the HKMA or (c) any other agreed clearing system.
Currencies	Subject to compliance with all relevant laws, regulations and directives, any currency agreed between the Company and the relevant Dealer(s).
Maturities	Subject to compliance with all relevant laws, regulations and directives, any maturity. Unless otherwise permitted by then current laws, regulations and directives, Dated Subordinated

	Notes constituting Tier 2 Capital will have a minimum maturity of five years.
Denomination	Definitive Notes will be in such denominations as agreed between the Company and the relevant Dealer and as specified in the relevant Final Terms or Pricing Supplement save that the minimum denomination of each Note shall be at least the greater of (i) €100,000 (or its equivalent in another currency as at the date of issue of the Notes) or (ii) the minimum amount allowed or required from time to time by the relevant central bank (or equivalent body) or any laws or regulations applicable to the relevant Specified Currency.
Fixed Rate Notes	Fixed Rate Notes will bear interest at the rate specified in the relevant Final Terms or Pricing Supplement, such interest being payable in arrear on the date(s) in each year specified in the relevant Final Terms or Pricing Supplement.
Fixed Rate Reset Notes	Fixed Rate Reset Notes will bear interest calculated by reference to a fixed rate of interest for an initial period and thereafter by reference to a fixed rate of interest recalculated on certain dates and by reference to a mid-market swap rate or to one or more treasury rates, as adjusted for any applicable margin, in each case as may be specified in the relevant Final Terms or Pricing Supplement, such interest being payable in arrear on the date(s) in each year specified in the relevant Final Terms or Pricing Supplement.
Floating Rate Notes	Floating Rate Notes will bear interest as follows: (i) on the same basis as the floating rate under a notional interest rate swap transaction in the relevant Specified Currency governed by an agreement incorporating the ISDA Definitions (as defined in "*Terms and Conditions of the Notes"*); or (ii) by reference to LIBOR, EURIBOR, BBSW, CDOR, €STR, SOFR, SONIA or NIBOR, as adjusted for any applicable margin. Floating Rate Notes may also have a maximum interest rate and/or a minimum interest rate.
Zero Coupon Notes	Zero Coupon Notes may be issued at their nominal amount or at a discount to it and will not bear interest other than after the Maturity Date.
Redemption	The relevant Final Terms or Pricing Supplement will indicate either that the relevant Notes cannot be redeemed prior to their stated maturity (other than in specified circumstances) or that such Notes will be redeemable at the option of the Company and/or the Noteholders upon giving notice to the Noteholders or the Company, as the case may be, on a date or dates specified prior to such stated maturity and at a price or prices and on such

	other terms as may be specified in the relevant Final Terms or Pricing Supplement and/or any drawdown prospectus.
Status of Notes	Senior Notes will constitute unsecured and unsubordinated obligations of the Company and Dated Subordinated Notes will constitute unsecured, subordinated obligations of the Company.
Early Redemption	Except as provided in "Redemption" above, Notes will be redeemable at the option of the Company prior to maturity upon the occurrence of a Tax Event (as defined in "*Terms and Conditions of the Notes*") or, in the case of Dated Subordinated Notes, upon the occurrence of a Capital Disqualification Event (as defined in "*Terms and Conditions of the Notes*") or, in the case of certain Series of Senior Notes, upon the occurrence of a Loss Absorption Disqualification Event (as defined in the "*Terms and Conditions of the Notes*").
Permission from the Relevant Regulator	Any redemption or purchase of the Notes (other than redemption on the relevant Maturity Date) is subject to the Relevant Regulator granting permission to do so (if and to the extent then required by applicable law and regulation or the Relevant Regulator).
Remedies for Non-Payment	The Notes do not provide for acceleration following non-payment of interest other than in a winding-up of the Company. Further, the sole remedy against the Company available to the Trustee or any holder of any Dated Subordinated Notes or Restricted Events of Default Senior Notes or the Coupons relating thereto (if any) for recovery of amounts owing in respect of any payment of principal or interest in respect of any Dated Subordinated Notes or Restricted Events of Default Senior Notes will be the institution of proceedings for, and proving in, the winding-up of the Company.
Waiver of set-off	Subject to applicable law, no holder of any Dated Subordinated Notes or the Coupons relating thereto (if any) nor the Trustee may exercise or claim any right of set-off in respect of any amount owed to it by the Company arising under or in connection with the Dated Subordinated Notes or the Coupons relating thereto, and each Noteholder or Couponholder shall, by virtue of its being the holder of any Dated Subordinated Note or Coupon, be deemed to have waived all such rights of set-off. If the applicable Final Terms or Pricing Supplement specify, or specifies, as the case may be, that Senior Notes Waiver of Set-off is applicable, then the previous paragraph shall apply to the Senior Notes, the relative Coupons and each Noteholder and Couponholder in respect of such Senior Notes *mutatis mutandis* and as if references in that paragraph to Dated Subordinated Notes were references to such Senior Notes.
Withholding Tax	All payments of principal and interest (if any) in respect of the Notes will be made without withholding or deduction for, or on

	account of, taxes of the United Kingdom, unless such withholding or deduction is required by law. In the event such withholding or deduction is made, additional amounts may be payable by the Company (in the case of Restricted Events of Default Senior Notes and Dated Subordinated Notes, in respect of any payment of interest only (but not principal)), subject to certain exceptions as more fully described in Condition 8.
Governing Law	The Notes, and any non-contractual obligations arising out of or in connection with the Notes will be governed by, and construed in accordance with, English law, save that (i) the set-off provisions of the Senior Notes where the applicable Final Terms or Pricing Supplement specify, or specifies, as the case may be, that Senior Notes waiver of set-off is applicable and (ii) the set-off and subordination provisions of the Dated Subordinated Notes, will be governed by Scots law.
Agreement with respect to the exercise of UK Bail-in Power	Applicable.
Listing and Admission to Trading	Application has been made to list Notes (other than PR Exempt Notes) issued under the Programme on the Official List and to admit them to trading on the Market and references to listing shall be construed accordingly. Application has also been made for PR Exempt Notes issued under the Programme to be admitted to trading on the ISM of the London Stock Exchange. The Programme also provides that PR Exempt Notes may be unlisted and/or may be admitted to trading on another market or stock exchange (which is not a MiFID regulated market), as set out in the applicable Pricing Supplement.
Ratings	S&P Global Ratings Europe Limited, UK Branch ("**S&P**") is expected to rate: Senior Notes issued by the Company under the Programme with a maturity of one year or more "BBB+"; Senior Notes issued by the Company under the Programme with a maturity of less than one year "A-2"; and Dated Subordinated Notes issued by the Company under the Programme "BBB-". Fitch Ratings Limited ("**Fitch**") is expected to rate: Senior Notes issued by the Company under the Programme with a maturity of one year or more "A+"; Senior Notes issued by the Company under the Programme with a maturity of less than one year "F1"; and Dated Subordinated Notes issued by the Company under the Programme "A-". Moody's Investors Service Limited ("**Moody's**") is expected to rate: Senior Notes issued by the Company under the Programme with a maturity of one year or more "A3"; Senior Notes issued by the Company under the Programme with a maturity of less than one year "P-2"; and Dated Subordinated Notes issued by the Company under the Programme "Baa1".

The credit ratings referred to and included in this Prospectus have been issued by S&P, Fitch and Moody's, each of which is established in the EU or in the UK and is registered under Regulation (EC) No. 1060/2009 (as amended) of the European Parliament and of the Council of 16 September 2009 on credit rating agencies.

Tranches of Notes (as defined in "*Overview of the Programme – Method of Issue*") to be issued under the Programme will be rated or unrated. Where a Tranche of Notes is to be rated, such rating will not necessarily be the same as the rating assigned to Notes already issued. Whether or not a rating in relation to any Tranche of Notes will be treated as having been issued by a credit rating agency established in the EU or, if applicable, the UK and registered under Regulation (EC) No. 1060/2009 (as amended) on credit rating agencies will be disclosed in the relevant Final Terms or Pricing Supplement. A rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.

Selling Restrictions

United States, Prohibition of Sales to EEA and UK Retail Investors, Prohibition of Sales to Swiss Retail Investors, United Kingdom and all jurisdictions listed in "*Selling Restrictions*". Other restrictions may be required in connection with a particular issue of Notes. The Company is Category 2 for the purposes of Regulation S under the Securities Act.

The Bearer Notes will be issued in compliance with U.S. Treas. Reg. §l.163-5(c)(2)(i)(D) (or any successor rules in substantially the same form as such rules for purposes of section 4701 of the U.S. Internal Revenue Code of 1986, as amended (the "**Code**")) ("**TEFRA D**") unless (i) the relevant Final Terms or Pricing Supplement state, or states, as the case may be, that Notes are issued in compliance with U.S. Treas. Reg. §l.163-5(c)(2)(i)(C) (or any successor rules in substantially the same form as such rules for purposes of section 4701 of the Code) ("**TEFRA C**") or (ii) the Notes are issued other than in compliance with TEFRA D or TEFRA C but in circumstances in which the 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 relevant Final Terms or Pricing Supplement as a transaction to which TEFRA is not applicable.

RISK FACTORS

The Company believes that the following factors may affect its ability to fulfil its obligations under the Notes issued under the Programme and confirms that the risks that are stated to apply to "the Group" below apply also to the Company. All of these factors are contingencies which may or may not occur. Factors which the Company believes may be material for the purpose of assessing the market risks associated with Notes issued under the Programme in relation to the Group are also described below.

The Company believes that the factors described below represent the principal risks inherent in investing in Notes issued under the Programme, but the inability of the Company to pay interest, principal or other amounts on or in connection with any Notes may occur for other reasons and the Company does not represent that the statements below regarding the risks of holding any Notes are exhaustive. Prospective purchasers should consider carefully the risks and uncertainties described below, together with all other information contained in this Prospectus and the information incorporated by reference herein before making any investment decision.

Economic and Financial Risks

1. The Group's businesses are subject to inherent and indirect risks arising from general macroeconomic conditions in the UK in particular, but also in the Eurozone, the United States, Asia and globally

The Group's businesses are subject to inherent and indirect risks arising from general and sector-specific economic conditions in the markets in which it operates, particularly the UK, where the Group's earnings are predominantly generated, and the Group's operations are increasingly concentrated following the strategic reduction of its international presence. Whilst the Group's revenues are predominantly generated in the UK, the Group does have some credit exposure in countries outside the UK even if it does not have direct exposure or a presence in such countries. Any significant macroeconomic deterioration in the UK and/or other economies such as the slowing of economic growth significantly below long-term average levels, rising unemployment, reduced corporate profitability, reduced personal income levels, inflationary pressures, including those arising from sterling's depreciation, reduced UK Government and/or consumer expenditure, increased corporate, small and medium-sized enterprises ("**SME**") or personal insolvency rates, borrowers' reduced ability to repay loans, increased tenant defaults, fluctuations in commodity prices and changes in foreign exchange rates could have a material adverse effect on the results of operations, financial condition or prospects of the Group.

In the Eurozone for example high levels of private and public debt, continued weakness in the financial sector and reform fatigue remain a concern. Conversely, further monetary policy stimulus from the European Central Bank could undermine financial stability by encouraging a further build-up of unsustainable debt. In addition, increased political uncertainty in the Eurozone, and fragmentation risk in the EU and UK, could create financial instability and have a negative impact on the Eurozone and global economies. Any default on the sovereign debt of a Eurozone country and the resulting impact on other Eurozone countries, including the potential that some countries could leave the Eurozone, could materially affect the capital and the funding position of participants in the banking industry, including the Group.

Moreover, the effects on the UK, European and global economies of the exit of one or more EU member states from the Economic and Monetary Union, or the redenomination of financial instruments from the euro to a different currency, are extremely uncertain and very difficult to predict and protect fully against in view of: (i) the potential for economic and financial instability in the Eurozone and possibly in the UK; (ii) the lasting impact on governments' financial positions of the global financial crisis; (iii) the uncertain legal position; and (iv) the fact that many of the risks related to the business are totally, or in part, outside the control of the Group.

If any such events were to occur, they may result in: (a) significant market dislocation; (b) heightened counterparty risk; (c) an adverse effect on the management of market risk and, in particular, asset and liability management due, in part, to redenomination of financial assets and liabilities; (d) an indirect risk of counterparty failure; or (e) further political uncertainty in the UK or other countries, any of which could have a material adverse effect on the results of operations, financial condition or prospects of the Group.

In addition, the effects on the UK, European and global economies of the uncertainties arising from the results of the referendum and the process of the UK's exit from the EU are difficult to predict but may include economic and financial instability in the UK, Europe and the global economy and the other types of risks. See "*Regulatory and Legal Risks– Legal and regulatory risk arising from the UK's exit from the European Union could adversely impact the Group's business, operations, financial condition and prospects*". In the event of any substantial weakening in the UK's economic growth, the possible policy of decreases in interest rates by the Bank of England or sustained low or negative interest rates would put further pressure on the Group's interest margins and adversely affect the Group's profitability and prospects. Furthermore, such market conditions may also result in an increase in the Group's pension deficit.

It is possible that the current U.S. administration's economic policies might have an adverse effect on the U.S. and global growth as well as global trade prospects. Concerns remain around the impact of increased tariffs on trade between the U.S. and other nations including China, Canada and the EU. The potential for escalation of trade disputes and any retaliatory actions taken may adversely impact the global economic outlook.

Developing macroeconomic uncertainty in emerging markets, in particular the slowdown of international trade and industrial production, the high and growing level of debt in China and the risk of a sharp slowdown in Chinese economic growth may be exacerbated by attempts to de-risk its highly leveraged economy, or a devaluation of the Renminbi. External debt levels are higher now in emerging markets than before the global financial crisis, which could lead to higher levels of defaults and non-performing loans, in particular in an environment of rising interest rates.

Any adverse changes affecting the economies of the countries in which the Group has significant direct and indirect credit exposures and any further deterioration in global macroeconomic conditions, including as a result of geopolitical events, global health issues, acts of war or terrorism, could have a material adverse effect on the Group's results of operations, financial condition or prospects.

2. Risks relating to the impact of COVID-19

The global pandemic from the outbreak of COVID-19 is causing widespread disruption to financial markets and normal patterns of business activity across the world, including in the UK. Measures taken to contain the health impacts of the COVID-19 pandemic are resulting in adverse impacts on economic activity across the world, and the duration for which such measures will remain in place is uncertain. The potential adverse impact on interest rates, credit spreads, foreign exchange rates and commodity, equity and bond prices can be seen in significant market falls, reduced liquidity and rises in volatility. The impact on the economy is currently highly uncertain in both its depth and length, and may go beyond current forecasts of scale of loss of output and recession in the UK and globally.

Governments, central banks and regulators across the world are taking significant action to address this economic impact, which may be temporary, but the economic impact remains likely to lead to a significant loss of output and recession in the UK and globally. Specific measures taken by governments to alleviate the impact on the Group's customers or borrowers, such as mortgage payment holidays, taken together with lower interest rates and restrictions on fees associated with certain products, may have an adverse impact on the Group's results of operations, financial conditions or prospects. Additionally, although the Government and the Bank of England have provided guarantees to banks relating to lending schemes that have been initiated to support

businesses through the current COVID-19 pandemic, there is a risk that in some circumstances, the Group may not be able to claim under the guarantee, or the claim may be rejected, if, for example, it later transpires that all terms and conditions under the guarantee scheme were not met when the lending was originated.

Specific measures may also be taken by regulators to address potential capital and liquidity stress, which could limit the Group's flexibility to manage its business and its capital position, including restrictions on distributions and capital allocation.

In particular, the synchronisation of emergency measures to slow the spread of COVID-19 across the world has brought about rapid deterioration in economic growth across all countries and regions which, even if temporary, is likely to inflict significant damage on the world economy, directly adversely impacting the UK through many channels, including trade and capital flow. The economic impacts of the COVID-19 pandemic, including increased levels of unemployment and corporate insolvencies, could adversely impact the Group's retail or corporate customers and their ability to service their contractual obligations, including to the Group. Adverse changes in the credit quality of the Group's borrowers and counterparties or collateral held in support of exposures, or in their behaviour, may reduce the value of the Group's assets and materially increase the Group's write-downs and allowances for impairment losses. This could have a material adverse effect on the Group's results of operations, financial condition or prospects.

As a result of the COVID-19 pandemic, the potential for conduct and compliance risks (see "*Business and Operational Risks – The Group is exposed to conduct risk*"), as well as operational risks materialising has increased, notably in the areas of cyber, fraud, people, technology, operational resilience and where there is reliance on third-party suppliers. In addition to the key operational risks, new risks are likely to arise as the Group will need to change its ways of working whilst managing any instances of COVID-19 among its employees and locations to ensure continuity and support to colleagues and customers.

Any and all such events described above could have a material adverse effect on the Group's business, financial condition, results of operations, prospects, liquidity, capital position and credit ratings (including potential changes of outlooks or ratings), as well as on its customers, borrowers, counterparties, employees and suppliers.

3. The Group's businesses are subject to inherent risks concerning borrower and counterparty credit quality which have affected and may adversely impact the recoverability and value of assets on the Group's balance sheet

The Group has exposures to many different products, counterparties, obligors and other contractual relationships and the credit quality of its exposures can have a significant impact on the Group's earnings. Credit risk exposures are categorised as either "retail" or "corporate" and reflect the risks inherent in the Group's lending and lending-related activities and its insurance business primarily in respect of investment holdings and exposures to reinsurers.

Adverse changes in the credit quality of the Group's UK and/or international borrowers and counterparties or collateral held in support of exposures, or in their behaviour or businesses, may reduce the value of the Group's assets and materially increase the Group's write-downs and allowances for impairment losses. Credit risk can be affected by a range of factors outside the Group's control, which include but are not limited to an adverse economic environment, reduced UK and global consumer and/or government spending and benefits, inflation, changes in the credit rating of individual counterparties, the debt levels of individual contractual counterparties, increased unemployment or reduced income, reduced asset values, increased personal or corporate insolvency levels, falling stock and bond/other financial markets, reduced corporate profits, over-indebtedness, changes in interest rates or foreign exchange rates, counterparty challenges to the interpretation or validity of contractual arrangements, an increase in credit spreads, changes to insolvency regimes which

make it harder to enforce against counterparties, changes in consumer and customer demands and requirements, negative reputational impact or direct campaigns which adversely impact customers, industries or sectors and any external factors of a political, legislative, environmental or regulatory nature, including changes in accounting rules and changes to tax legislation and rates, some of which are materially heightened by the current COVID-19 pandemic.

In particular, the Group has exposure to concentration risk where its business activities focus particularly on a single obligor, related/connected group of obligors or a similar type of customer (borrower, sovereign, financial institution or central counterparty), product, industrial sector or geographic location, including the UK.

The Group's credit exposure includes residential mortgage lending (in the UK and, to a lesser extent, the Netherlands) and commercial real estate lending, including lending secured against secondary and tertiary commercial assets in the UK. As a result, decreases in residential or commercial property values and/or increases in tenant defaults are likely to lead to higher impairment charges, which could materially affect the Group's results of operations, financial condition or prospects. The COVID-19 pandemic has led to a sharp reduction in property transactions and hence uncertainty in property valuations. The Group's retail customer portfolios will remain strongly linked to the UK economic environment, with house price deterioration, unemployment increases, inflationary pressures, consumer over-indebtedness and prolonged low or rising interest rates among the factors that may impact secured and unsecured retail credit exposures. Deterioration in used vehicle prices, including as a result of changing consumer demand, could result in increased provisions and/or losses and/or accelerated depreciation charges. The Group also has significant credit exposure to certain individual counterparties in higher risk and cyclical asset classes and sectors (such as commercial real estate, financial intermediation, manufacturing, leveraged lending, oil and gas and related sectors, hotels, commodities trading, automotive and related sectors, construction, agriculture, consumer-related sectors (such as retail, passenger transport and leisure), housebuilders and outsourcing services).

The Group's corporate lending portfolio also contains substantial exposure to large and mid-sized, public and private companies. Exposures to sectors that have experienced cyclical weakness in recent years, coupled with a historic strategy of taking large single name concentrations to non-listed companies and entrepreneurs, and taking exposure at various levels of the capital structure, may give rise to (albeit reducing) single name and risk capital exposure. As in the UK, the Group's lending business overseas is also exposed to a small number of long-term customer relationships and these single name concentrations place the Group at risk of loss should default occur. Any disruption to the liquidity or transparency of the financial markets may result in the Group's inability to sell or syndicate securities, loans or other instruments or positions held (including through underwriting), thereby leading to concentrations in these positions. These concentrations could expose the Group to losses if the mark-to-market value of the securities, loans or other instruments or positions declines causing the Group to take write-downs. Moreover, the inability to reduce the Group's positions not only increases the market and credit risks associated with such positions, but also increases the level of risk-weighted assets on the Group's balance sheet, thereby increasing its capital requirements and funding costs, all of which could materially adversely affect the Group's results of operations, financial condition or prospects. The Group's corporate portfolios are also susceptible to "fallen angel" risk, that is, the probability of significant default increases following material unexpected events, and to risks related to the impact of the COVID-19 pandemic resulting in the potential for large losses.

In addition, all lending decisions, and decisions related to other exposures (including, but not limited to, undrawn commitments, derivative, equity, contingent and/ or settlement risks), are dependent on the Group's assessment of each customer's ability to repay and the value of any underlying security. Such assessments may also take into account future forecasts, which may be less reliable due to the uncertainty of their likely accuracy and probability as a result of the impact of the COVID-19 pandemic. There is an inherent risk that the Group

has incorrectly assessed the credit quality and/or the ability or willingness of borrowers to repay, possibly as a result of incomplete or inaccurate disclosure by those borrowers or as a result of the inherent uncertainty that is involved in the exercise of constructing and using models to estimate the risk of lending to counterparties.

4. The Group's businesses are subject to inherent risks concerning liquidity and funding, particularly if the availability of traditional sources of funding such as retail deposits or the access to wholesale funding markets becomes more limited

Liquidity and funding continues to remain a key area of focus for the Group and the industry as a whole. Like all major banks, the Group is dependent on confidence in the short and long-term wholesale funding markets. The Group relies on customer savings and transmission balances, as well as ongoing access to the global wholesale funding markets to meet its funding needs. The ability of the Group to gain access to wholesale and retail funding sources on satisfactory economic terms is subject to a number of factors outside its control, such as liquidity constraints, general market conditions, regulatory requirements, the encouraged or mandated repatriation of deposits by foreign wholesale or central bank depositors and the level of confidence in the UK banking system.

The Group's profitability or solvency could be adversely affected if access to liquidity and funding is constrained, made more expensive for a prolonged period of time or if the Group experiences an unusually high and unforeseen level of withdrawals. In such circumstances, the Group may not be in a position to continue to operate or meet its regulatory minimum liquidity requirements without additional funding support, which it may be unable to access (including government and central bank facilities).

The Group is also subject to the risk of deterioration of the commercial soundness and/or perceived soundness of other financial services institutions within and outside the UK. Financial services institutions that deal with each other are interrelated as a result of trading, investment, clearing, counterparty and other relationships. This presents systemic risk and may adversely affect financial intermediaries, such as clearing agencies, clearing houses, banks, securities firms and exchanges with which the Group interacts on a daily basis, any of which could have a material adverse effect on the Group's ability to raise new funding. A default by, or even concerns about the financial resilience of, one or more financial services institutions could lead to further significant systemic liquidity problems, or losses or defaults by other financial institutions, which could have a material adverse effect on the Group's results of operations, financial condition or prospects.

Corporate and institutional counterparties may also seek to reduce aggregate credit exposures to the Group (or to all banks) which could increase the Group's cost of funding and limit its access to liquidity. The funding structure employed by the Group may also prove to be inefficient, thus giving rise to a level of funding cost where the cumulative costs are not sustainable over the longer term.

In addition, medium-term growth in the Group's lending activities will rely, in part, on the availability of retail deposit funding on appropriate terms, which is dependent on a variety of factors outside the Group's control, such as general macroeconomic conditions and market volatility, the confidence of retail depositors in the economy, the financial services industry and the Group, as well as the availability and extent of deposit guarantees. Increases in the cost of retail deposit funding will impact on the Group's margins and affect profit, and a lack of availability of retail deposit funding could have a material adverse effect on the Group's future growth. Any loss in consumer confidence in the Group could significantly increase the amount of retail deposit withdrawals in a short period of time. See "*Economic and Financial Risks – The Group's businesses are subject to inherent and indirect risks arising from general macroeconomic conditions in the UK in particular, but also in the Eurozone, the United States, Asia and globally*".

In recent years, the Group has also made use of central bank funding schemes such as the Bank of England's Term Funding Scheme and Funding for Lending Scheme. Following the closures of these schemes

in 2018, the Group has to replace matured central bank scheme funding, which could cause an increased dependence on term funding issuances. If the wholesale funding markets were to suffer stress or central bank provision of liquidity to the financial markets is abruptly curtailed, or the Group's credit ratings are downgraded, it is likely that wholesale funding will prove more difficult to obtain.

Any of the refinancing or liquidity risks mentioned above, in isolation or in concert, could have a material adverse effect on the Group's results or operations and its ability to meet its financial obligations as they fall due.

5. A reduction in the Group's longer-term credit rating could materially adversely affect the Group's results of operations, financial condition or prospects

Rating agencies regularly evaluate the Group and the Company, and their ratings of longer-term debt are based on a number of factors which can change over time, including the Group's financial strength as well as factors not entirely within the Group's control, including conditions affecting the financial services industry generally, and the legal and regulatory frameworks affecting the Group's legal structure, business activities and the rights of its creditors. In the event of difficulties in the financial services industry and the financial markets, there can be no assurance that the Group or the Company will maintain their current ratings. The credit rating agencies may also revise the ratings methodologies applicable to issuers within a particular industry or political or economic region. If credit rating agencies perceive there to be adverse changes in the factors affecting an issuer's credit rating, including by virtue of change to applicable ratings methodologies, the credit rating agencies may downgrade, suspend or withdraw the ratings assigned to an issuer and/or its securities. Downgrades of the Group's longer-term credit rating could lead to additional collateral posting and cash outflow, significantly increase its borrowing costs, limit its issuance capacity in the capital markets and weaken the Group's competitive position in certain markets.

6. The Group's businesses are inherently subject to the risk of market fluctuations, which could have a material adverse effect on the results of operations, financial condition or prospects of the Group

The Group's businesses are inherently subject to risks in financial markets including changes in, and increased volatility of, interest rates, inflation rates, credit spreads, foreign exchange rates, commodity, equity, bond and property prices and the risk that its customers act in a manner which is inconsistent with the Group's business, pricing and hedging assumptions. Movements in these markets will continue to have a significant impact on the Group in a number of key areas.

For example, adverse market movements have had and may continue to have an adverse effect, upon the financial condition of the defined benefit pension schemes of the Group. The schemes' main exposures are to real rate risk and credit spread risk. These risks arise from two main sources: the "AA" corporate bond liability discount rate and asset holdings.

In addition, the Group's banking and trading activities are also subject to market movements. For example, changes in interest rate levels, interbank margins over official rates, yield curves and spreads affect the interest rate margin realised between lending and borrowing costs. The potential for future volatility and margin changes remains. Competitive pressures on fixed rates or product terms in existing loans and deposits may restrict the Group in its ability to change interest rates applying to customers in response to changes in official and wholesale market rates.

The insurance business of the Group is exposed indirectly to equity and credit markets through the value of future management charges on policyholder funds. Credit spread and interest rate risk within insurance primarily arises from bonds and loans used to back annuities. The performance of the investment markets will

thus have a direct impact upon the profit from investment contracts and on the insurance value in force and the Group's results of operations, financial condition or prospects.

Changes in foreign exchange rates, including with respect to the U.S. dollar and the Euro, may also have a material adverse effect the Group's financial position and/or forecasted earnings.

7. Market conditions have resulted, and are expected to result in the future, in material changes to the estimated fair values of financial assets of the Group, including negative fair value adjustments

The Group has exposures to securities, derivatives and other investments, including asset-backed securities, structured investments and private equity investments that are recorded by the Group at fair value, which may be subject to further negative fair value adjustments in view of the volatile global markets and challenging economic environment, including as a result of the COVID-19 pandemic. See also "Risks relating to the impact of COVID-19" above.

In volatile markets, hedging and other risk management strategies (including collateralisation and the purchase of credit default swaps) may not be as effective as they are in normal market conditions, due in part to the decreasing credit quality of hedge counterparties, and general illiquidity in the markets within which transactions are executed.

In circumstances where fair values are determined using financial valuation models, the Group's valuation methodologies may require it to make assumptions, judgements and estimates in order to establish fair value. These valuation models are complex and the assumptions used are difficult to make and are inherently uncertain. This uncertainty may be amplified during periods of market volatility and illiquidity. Any consequential impairments, write-downs or adjustments could have a material adverse effect on the Group's results of operations, capital ratios, financial condition or prospects.

Any of these factors could cause the value ultimately realised by the Group for its securities and other investments to be lower than their current fair value or require the Group to record further negative fair value adjustments, which may have a material adverse effect on its results of operations, financial condition or prospects.

8. Any tightening of monetary policy in jurisdictions in which the Group operates could affect the financial condition of its customers, clients and counterparties, including governments and other financial institutions

Quantitative easing measures implemented by major central banks, adopted alongside record low interest rates to support recovery from the global financial crisis, have arguably helped loosen financial conditions and reduce borrowing costs. These measures may have supported liquidity and valuations for asset classes that are vulnerable to rapid price corrections as financial conditions tighten, potentially causing losses to investors and increasing the risk of default on the Group's exposure to these sectors.

Monetary policy in the UK and in the markets in which the Group operates has been highly accommodative in recent years, however there remains considerable uncertainty as to the direction of interest rates and the pace of change, as set by the Bank of England and other major central banks. In the UK, monetary policy has further been supported by the Bank of England and Her Majesty's Treasury ("**HM Treasury**") "Funding for Lending" scheme (which closed in January 2018), the "Help to Buy" scheme (of which, the "Help to Buy ISA" scheme closed in November 2019), the "Term Funding Scheme" (which closed in February 2018) and the purchase of corporate bonds in the UK. In response to the evolving threat from the COVID-19 pandemic, the UK Government and the Bank of England have adopted a series of financial measures to help offset the economic disruption from efforts to contain the spread of the virus. These include an unprecedented

package of government-backed and guaranteed loans to support businesses, announced on 17 March 2020, making available an initial £330 billion of guarantees (equivalent to 15 per cent. of UK's current gross domestic product ("**GDP**")), which includes the joint HM Treasury and Bank of England lending facility, the Covid Corporate Financing Facility (CCFF) designed to support liquidity among larger firms as well as the Coronavirus Business Interruption Loan Scheme (CBILS) for small and medium-sized enterprises run by the British Business Bank. Further support has been announced through the Coronavirus Large Business Interruption Loan Scheme (CLBILS) and the Bounce Back Loans Scheme (BBLS). However, such a long period of stimulus has increased uncertainty over the impact of its future reduction, which could lead to a risk of higher borrowing costs in wholesale markets, higher interest rates for retail borrowers, generally weaker than expected growth, or even contracting GDP, reduced business and consumer confidence, higher levels of unemployment or underemployment, adverse changes to levels of inflation and falling property prices in the markets in which the Group operates, and consequently to an increase in delinquency rates and default rates among its customers. Similar risks result from the low level of inflation in developed economies, which in Europe particularly could deteriorate into sustained deflation if policy measures prove ineffective and economic growth weakens. Reduced monetary stimulus and the actions and commercial soundness of other financial institutions have the potential to impact market liquidity. The adverse impact on the credit quality of the Group's customers and counterparties, coupled with a decline in collateral values, could lead to a reduction in recoverability and value of the Group's assets and higher levels of expected credit loss allowances, which could have an adverse effect on the Group's operations, financial condition or prospects.

9. The Group's insurance business and defined benefit pension schemes are subject to insurance risks

The insurance business of the Group is exposed to short-term and longer-term variability arising from uncertain longevity due to annuity portfolios. The Group's defined benefit pension schemes are also exposed to longevity risk. Increases in life expectancy (longevity) beyond current allowances will increase the cost of annuities and pension scheme benefits and may adversely affect the Group's financial condition and results of operations.

Customer behaviour in the insurance business may result in increased cancellations or ceasing of contributions at a rate in excess of business assumptions. Consequent reduction in policy persistency and fee income would have an adverse impact upon the profitability of the insurance business of the Group.

The insurance business of the Group is also exposed to the risk of uncertain insurance claim rates. For example, extreme weather conditions can result in high property damage claims and higher levels of theft can increase claims on home insurance. These claims rates may differ from business assumptions and negative developments may adversely affect the Group's financial condition and results of operations.

To a lesser extent the insurance business is exposed to mortality, morbidity and expense risk. Adverse developments in any of these factors may adversely affect the Group's financial condition and results of operations.

10. The Group may be required to record credit value adjustments, funding value adjustments and debit value adjustments on its derivative portfolio, which could have a material adverse effect on the Group's results of operations, financial condition or prospects

The Group continually seeks to limit and manage counterparty credit risk exposure to market counterparties. Credit value adjustment ("**CvA**") and funding value adjustment ("**FvA**") reserves are held against uncollateralised derivative exposures and a risk management framework is in place to mitigate reserve value changes. CvA is an expected loss calculation that incorporates current market factors including counterparty credit spreads. FvA reserves are held to capitalise the cost of funding uncollateralised derivative

exposures. The Group also calculates a debit value adjustment to reflect own credit spread risk as part of the fair value of derivative liabilities.

Deterioration in the creditworthiness of financial counterparties, or large adverse financial market movements, could impact the size of CvA and FvA reserves and result in a material charge to the Group's profit and loss account which could have a material adverse effect on the Group's results of operations, financial condition or prospects.

11. The Group is exposed to risks related to the uncertainty surrounding the integrity and continued existence of reference rates

Reference rates and indices, including interest rate benchmarks, such as the London Interbank Offered Rate ("**LIBOR**") and the Euro Interbank Offered Rate ("**EURIBOR**"), which are used to determine the amounts payable under financial instruments or the value of such financial instruments ("**Benchmarks**"), have, in recent years, been the subject of political and regulatory scrutiny as to how they are created and operated. This has resulted in regulatory reform and changes to existing Benchmarks, with further changes anticipated. These reforms and changes may cause a Benchmark to perform differently than it has done in the past or to be discontinued.

At this time, it is not possible to predict the overall effect (including financial impacts) of any such reforms and changes, any establishment of alternative reference rates or any other reforms to these reference rates that may be enacted, including the potential or actual discontinuance of LIBOR publication, any transition away from LIBOR or ongoing reliance on LIBOR for some legacy products.

Uncertainty as to the nature of such potential changes, alternative reference rates (including, without limitation, SONIA, €STR and SOFR or term versions of those rates) or other reforms may adversely affect a broad array of financial products, including any LIBOR-based or EURIBOR-based securities, loans and derivatives that are included in the Group's financial assets and liabilities, that use these reference rates and may impact the availability and cost of hedging instruments and borrowings. If any of these reference rates are no longer available, the Group may incur additional expenses in effecting the transition from such reference rates, and may be subject to disputes, which could have an adverse effect on the Group's results of operations. In addition, it can have important operational impacts through the Group's systems and infrastructure as all systems will need to account for the changes in the reference rates. Any of these factors may have a material adverse effect on the Group's results of operations, financial condition or prospects.

Regulatory and Legal Risks

1. The Group and its businesses are subject to substantial regulation and oversight. Adverse legal or regulatory developments could have a material adverse effect on the Group's business, results of operations, financial condition or prospects

The Group and its businesses are subject to legislation, regulation, court proceedings, policies and voluntary codes of practice in the UK, the EU and the other markets in which the Group operates which are impacted by factors beyond the Group's control, including:

(i) general changes in government, central bank or regulatory policy, or changes in regulatory regimes that may influence investor decisions in particular markets in which the Group operates, and which may change the structure of those markets and the products offered or may increase the costs of doing business in those markets;

(ii) external bodies applying or interpreting standards, laws, regulations or contracts differently to the Group;

(iii) an uncertain and rapidly evolving prudential regulatory environment which could materially adversely affect the Group's ability to maintain liquidity and increase its funding costs;

(iv) changes in competitive and pricing environments, including markets investigations, or one or more of the Group's regulators intervening to mandate the pricing of the Group's products, as a consumer protection measure;

(v) one or more of the Group's regulators intervening to prevent or delay the launch of a product or service, or prohibiting an existing product or service;

(vi) further requirements relating to financial reporting, corporate governance, corporate structure and conduct of business and employee compensation;

(vii) expropriation, nationalisation, confiscation of assets and changes in legislation relating to foreign ownership;

(viii) changes to regulation and legislation relating to economic and trading sanctions, money laundering and terrorist financing; and

(ix) regulatory changes which influence business strategy, particularly the rate of growth of the business, or which impose conditions on the sales and servicing of products, which have the effect of making such products unprofitable or unattractive to sell.

These laws and regulations include (i) increased regulatory oversight, particularly in respect of conduct issues; (ii) prudential regulatory developments, including ring-fencing; and (iii) increased legislative requirements, such as the Banking Reform Act, the Competition and Market Authority Open Banking programme, the Second Payment Services Directive ("**PSD2**"), the General Data Protection Regulation ("**GDPR**"), MiFID II, which is made up of MiFID (2014/65/EU) and the Markets in Financial Instruments Regulation (MiFIR - 600/2014/EU), and the Deposit Guarantee Schemes Directive 2014/49/EU (the "**recast DGSD**").

Unfavourable developments across any of these areas, both in and outside the UK, as a result of the factors above could materially affect the Group's ability to maintain appropriate liquidity, increase its funding costs, constrain the operation of its business and/or have a material adverse effect on the Group's business, results of operations and financial condition.

2. The Group faces risks associated with its compliance with a wide range of laws and regulations

The Group is exposed to risk associated with compliance with laws and regulations, including:

(i) certain aspects of the Group's activities and business may be determined by the relevant authorities, the Financial Ombudsman Service (the "**FOS**"), or the courts, to have not been conducted in accordance with applicable laws or regulations, or, in the case of the FOS, with what is fair and reasonable in the Ombudsman's opinion;

(ii) the possibility of alleged mis-selling of financial products or the mishandling of complaints related to the sale of such products by or attributed to a member of the Group, resulting in disciplinary action or requirements to amend sales processes, withdraw products, or provide restitution to affected customers, all of which may require additional provisions;

(iii) risks relating to compliance with, or enforcement actions in respect of, existing and/or new regulatory or reporting requirements, including as a result of a change in focus of regulation or a transfer of responsibility for regulating certain aspects of the Group's activities and business to other regulatory bodies;

(iv) contractual and other obligations may either not be enforceable as intended or may be enforced against the Group in an adverse way;

(v) the intellectual property of the Group (such as trade names) may not be adequately protected;

(vi) the Group may be liable for damages to third-parties harmed by the conduct of its business; and

(vii) the risk of regulatory proceedings, enforcement actions and/or private litigation, arising out of regulatory investigations or otherwise (brought by individuals or groups of plaintiffs) in the UK and other jurisdictions.

Regulatory and legal actions pose a number of risks to the Group, including substantial monetary damages or fines, the amounts of which are difficult to predict and may exceed the amount of provisions set aside to cover such risks. See "*Regulatory and Legal Risks – The financial impact of legal proceedings and regulatory risks may be material but is difficult to quantify. Amounts eventually paid may materially exceed the amount of provisions set aside to cover such risks, or existing provisions may need to be materially increased in response to changing circumstances, as has been the case in respect of payment protection insurance ("PPI") redress payments*". In addition, the Group may be subject, including as a result of regulatory actions, to other penalties and injunctive relief, civil or private litigation arising out of a regulatory investigation or otherwise, the potential for criminal prosecution in certain circumstances and regulatory restrictions on the Group's business, all of which can have a negative effect on the Group's reputation as well as taking a significant amount of management time and resources away from the implementation of the Group's strategy.

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

3. Legal and regulatory risk arising from the UK's exit from the European Union could adversely impact the Group's business, operations, financial condition and prospects

Following the UK's exit from the EU, there remains significant uncertainty around the terms of their future trade agreement. This uncertainty may be exacerbated by the possible re-emergence of a further Scottish independence referendum and / or differential arrangements for Northern Ireland relative to the rest of the UK.

The Group is subject to substantial EU-derived laws, regulation and oversight, which will be impacted as a result of the UK's exit from the EU. In particular, after the transition period, the Group and its counterparties may no longer be able to rely on the European passporting framework for financial services. This could result in the loss of customers and / or the requirement for the Group to apply for authorisation in further EU jurisdictions where it is to continue business, with associated costs and operational considerations. Any actions taken as a result of the ongoing uncertainty, as well as new or amended legislation and regulation, may have a significant impact on the Group's operations, profitability and business model.

4. The Group and its subsidiaries are subject to resolution planning requirements

The Bank of England and the PRA have published final rules for a resolvability assessment framework (the "**Resolvability Assessment Framework**"), with full implementation of the framework required by 2022. This will require the Group to carry out a detailed assessment of its preparations for resolution. The new rules on the Resolvability Assessment Framework may affect the way in which the Group manages its business and ultimately impact the profitability of the Group. Further, the publication of the outcome of such assessment may

affect the way the Company and the Group is perceived by the market which, in turn, may affect the secondary market value of its securities.

5. The Group and its subsidiaries are subject to regulatory actions which may be taken in the event of a bank or Group failure

Under the Banking Act 2009, as amended, (the "**Banking Act**"), substantial powers have been granted to HM Treasury, the Bank of England and the PRA and FCA (together, the "**Authorities**") as part of the special resolution regime (the "**SRR**"). These powers enable the Authorities to deal with and stabilise UK-incorporated institutions with permission to accept deposits (including members of the Group) and their parent entities (including the Company) if they are failing or are likely to fail to satisfy certain threshold conditions.

The SRR consists of five stabilisation options: (i) transfer of all or part of the business of the relevant entity or the shares of the relevant entity to a private sector purchaser; (ii) transfer of all or part of the business of the relevant entity to a "bridge bank" established and wholly owned by the Bank of England; (iii) transfer all or part of the relevant entity or "bridge bank" to an asset management vehicle; (iv) making of one or more resolution instruments by the Bank of England; and (v) temporary public ownership of the relevant entity. HM Treasury may also take a parent company of a relevant entity into temporary public ownership where certain conditions are met. Certain ancillary powers include the power to modify contractual arrangements in certain circumstances.

The powers granted to resolution authorities under the Bank Recovery and Resolution Directive ("**BRRD**") include, but are not limited to: (i) a "write-down and conversion power" relating to Tier 1 and Tier 2 capital instruments and (ii) a "bail-in" power relating to the majority of unsecured liabilities (including the capital instruments and senior unsecured debt securities issued by the Group). Such loss absorption powers give resolution authorities the ability to write-down or write-off all or a portion of the claims of certain unsecured creditors of a failing institution or group and/or to convert certain debt claims into another security, including ordinary shares of the surviving group entity, if any. Such resulting ordinary shares may be subject to severe dilution, transfer for no consideration, write-down or write-off. Generally, losses are to be taken in accordance with the priority of claims under normal insolvency proceedings. The Banking Act and secondary legislation made thereunder provides certain limited safeguards for creditors in specific circumstances. For example, a holder of debt securities issued by the Company should not suffer a worse outcome than it would in insolvency proceedings. However, this "no creditor worse off" safeguard 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. The exercise of mandatory write-down and conversion power under the Banking Act or any suggestion of such exercise could, therefore, materially adversely affect the rights of the holders of equity and debt securities and the price or value of their investment and/or the ability of the Group to satisfy its obligations under such debt securities.

Resolution authorities also have powers to amend the terms of contracts (for example, varying the maturity of a debt instrument) and to override events of default or termination rights that might be invoked as a result of the exercise of the resolution powers, which could have a material adverse effect on the rights of holders of the equity and debt securities issued by the Group, including through a material adverse effect on the price of such securities. The Banking Act also gives the Bank of England the power to override, vary or impose contractual obligations between a UK bank, its holding company and its group undertakings for reasonable consideration, in order to enable any transferee or successor bank to operate effectively. There is also power for HM Treasury to amend the law (excluding provisions made by or under the Banking Act) for the purpose of enabling it to use the regime powers effectively, potentially with retrospective effect.

The determination that securities and other obligations issued by the Group will be subject to loss absorption is likely to be inherently unpredictable and may depend on a number of factors which may be outside of the Group's control. This determination will also be made by the relevant UK resolution authority and there may be many factors, including factors not directly related to the Company or the Group, which could result in such a determination. Because of this inherent uncertainty and given that both BRRD and the relevant provisions of the Banking Act remain untested in practice, it will be difficult to predict when, if at all, the exercise of a loss absorption power may occur which would result in a principal write-off or conversion to other securities, including the ordinary shares of the Company. Moreover, as the criteria that the relevant UK resolution authority will be obliged to consider in exercising any loss absorption power provide it with considerable discretion, holders of the securities issued by the Group may not be able to refer to publicly available criteria in order to anticipate a potential exercise of any such power and consequently its potential effect on the Group and the securities issued by the Group.

Potential investors in the securities issued by the Group should consider the risk that a holder may lose some or all of its investment, including the principal amount plus any accrued interest, if such statutory loss absorption measures are acted upon or if that debt instrument may be converted into ordinary shares of any member of the Group. The BRRD and applicable state aid rules provide that, other than in certain limited circumstances set out in the BRRD, extraordinary governmental financial support will only be available to the Group as a last resort once the write-down and conversion powers and resolution tools referred to above have been exploited to the maximum extent possible. Accordingly, it is unlikely that investors in securities issued by the Company will benefit from such support even if it were provided.

Holders of the Group's securities may have limited rights or no rights to challenge any decision of the relevant UK resolution authority to exercise the UK resolution powers or to have that decision reviewed by a judicial or administrative process or otherwise. Accordingly, trading behaviour in respect of such securities is not necessarily expected to follow the trading behaviour associated with other types of securities that are not subject to such resolution powers. Further, the introduction or amendment of such recovery and resolution powers, and/or any implication or anticipation that they may be used, may have a significant adverse effect on the market price of such securities, even if such powers are not used.

The minimum requirement for own funds and eligible liabilities ("**MREL**") applies to EU and UK financial institutions and covers own funds and debt instruments that are capable of being written-down or converted to equity in order to prevent a financial institution or its group from failing in a crisis. The Bank of England has set a final MREL conformance date of 1 January 2022 with interim compliance required by 1 January 2020.

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

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

If the Group has, or is perceived to have, a shortage of regulatory capital or to be unable to meet its regulatory minimum liquidity requirements, then it may be subject to regulatory interventions and sanctions and may suffer a loss of confidence in the market with the result that access to sources of liquidity and funding may become constrained, more expensive or unavailable. This, in turn, may affect the Group's capacity to

continue its business operations, pay future dividends and make other distributions or pursue acquisitions or other strategic opportunities, impacting future growth potential.

See also "*The Group's businesses are subject to inherent risks concerning liquidity and funding, particularly if the availability of traditional sources of funding such as retail deposits or the access to wholesale funding markets becomes more limited*".

A shortage of capital could arise from (i) a depletion of the Group's capital resources through increased costs or liabilities and reduced asset values which could arise as a result of the crystallisation of credit-related risks, regulatory and legal risks, business and economic risks, operational risks, financial soundness-related risks and other risks; and/or (ii) an increase in the amount of capital that is needed to be held; and/or (iii) changes in the manner in which the Group is required to calculate its capital and/or the risk-weightings applied to its assets. This might be driven by a change to the actual level of risk faced by the Group or to changes in the minimum capital required by legislation or by the regulatory authorities. For example, an aggregated risk-weighted asset output floor has been proposed by the Basel Committee with a transitional period from 2023 to 2028. There remains uncertainty until such rules are translated into draft European and UK legislation. Further, in the context of the UK's departure from the EU, the application of the output floor in the UK will be a matter for the UK legislature and the Group's prudential regulators.

If, in response to higher capital requirements or a shortage, or perceived shortage, of regulatory capital, the Group raises additional capital through the issuance of shares, existing shareholders may experience a dilution of their holdings. If a capital or debt instrument is converted to ordinary shares as a result of a trigger within the contractual terms of the instrument or through the exercise of statutory powers then, depending upon the terms of the conversion, existing shareholders may experience a dilution of their holdings. Separately, the Group may address a shortage of capital by acting to reduce leverage exposures and/or risk-weighted assets, for example by way of business disposals. Such actions may impact the profitability of the Group.

Whilst the Group monitors current and expected future capital, MREL and liquidity requirements, including having regard to both leverage and risk weighted assets-based requirements, and seeks to manage and plan the prudential position accordingly and on the basis of current assumptions regarding future regulatory 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. Market expectations as to capital and liquidity levels may also increase, driven by, for example, the capital and liquidity levels (or targets) of peer banking groups.

The Group's borrowing costs and access to capital markets, as well as its ability to lend or carry out certain aspects of its business, could also be affected by future prudential regulatory developments more generally, including (i) evolving European and global prudential and regulatory changes, including the application of final Capital Requirements Regulation ("**CRRII**") and Capital Requirements Directive ("**CRD V**") rules and the implementation of Basel IV reforms in Europe and the UK; (ii) regulatory changes in other jurisdictions to which the Group has exposure and (iii) the evolving regulatory and legal impacts of the UK's exit from the EU.

Any of the risks mentioned above could have a material adverse effect on the Group's liquidity, results of operations, its ability to continue its business operations and its financial condition.

7. The financial impact of legal proceedings and regulatory risks may be material and is difficult to quantify. Amounts eventually paid may materially exceed the amount of provisions set aside to cover such risks, or existing provisions may need to be materially increased in response to changing circumstances, as has been the case in respect of payment protection insurance ("PPI") redress payments

Where provisions have already been taken in published financial statements of the Group or results announcements for ongoing legal or regulatory matters, these have been recognised, in accordance with IAS 37 ("Provisions, Contingent Liabilities and Contingent Assets") ("**IAS 37**"), as the best estimate of the expenditure required to settle the obligation as at the reporting date. Such estimates are inherently uncertain and it is possible that the eventual outcomes may differ materially from current estimates, resulting in future increases or decreases to the required provisions, or actual losses that exceed or fall short of the provisions taken.

Excluding MBNA Limited ("**MBNA**"), the Group increased provisions for expected PPI costs by a further £2.5 billion in the year ended 31 December 2019. The charge in 2019 related largely to a significant increase in PPI information requests ("**PIRs**") leading up to the deadline for submission of claims on 29 August 2019, associated administration costs and costs associated with the Official Receiver. This brings the total amount provided for at the end of 2019 to £21.9 billion, of which £1.6 billion remains unutilised relating to complaints and associated administration costs.

With regard to MBNA, as announced in December 2016, the Group's exposure is capped at £240 million and is already provided for through an indemnity received from Bank of America. MBNA increased its PPI provision by £367 million in the year ended 31 December 2019 but the Group's exposure continues to remain capped at £240 million under this indemnity.

Provisions have not been taken where no obligation (as defined in IAS 37) has been established, whether associated with a known or potential future litigation or regulatory matter. Accordingly, an adverse decision in any such matters could result in significant losses to the Group which have not been provided for. Such losses would have an adverse impact on the Group's financial condition and operations.

In November 2014, the UK Supreme Court ruled in *Plevin v Paragon Personal Finance Limited [2014] UKSC 61* ("**Plevin**") that failure to disclose to a customer a "high" commission payment on a single premium PPI policy sold with a consumer credit agreement created an unfair relationship between the lender and the borrower under s140 of the Consumer Credit Act 1974. It did not define a tipping point above which commission was deemed "high". The disclosure of commission was not a requirement of the FSA's (now FCA's) Insurance: Conduct of Business sourcebook rules for the sale of general insurance (including PPI). Permission to appeal the redress outcome in the Plevin case was refused by the Court of Appeal in July 2015 and by the President of the Family Division in November 2015.

In November 2015 and August 2016, the FCA consulted on the introduction of a two year industry deadline by which consumers would need to make their PPI complaints or lose their right to have them assessed, and proposed rules and guidance about how firms should handle PPI complaints fairly in light of the Plevin judgment discussed above. On 2 March 2017, the FCA confirmed an industry deadline of 29 August 2019. The FCA's rules to address Plevin commenced on 29 August 2017. The industry deadline also applies to the handling of these complaints. The FCA's rules, issued on 2 March 2017, could have a material adverse effect on the Group's reputation, business, financial condition, results of operations and prospects.

Further, no assurance can be given that the Group will not incur liability in connection with any past, current or future non-compliance with legislation or regulation, and any such non-compliance could be significant and materially adversely affect the Group's reputation, business, financial condition, results of operations and prospects.

8. The Group must comply with anti-money laundering, counter terrorist financing, anti-bribery and sanctions regulations, and a failure to prevent or detect any illegal or improper activities fully or on a timely basis could negatively impact customers and expose the Group to liability

The Group is required to comply with applicable anti-money laundering, anti-terrorism, sanctions, anti-bribery and other laws and regulations in the jurisdictions in which it operates. These extensive laws and

regulations require the Group, amongst other things, to adopt and enforce "know-your-customer" policies and procedures and to report suspicions of money laundering and terrorist financing, and in some countries specific transactions to the applicable regulatory authorities. These laws and regulations have become increasingly complex and detailed, require improved systems and sophisticated monitoring and compliance personnel, and have become the subject of enhanced government and regulatory supervision.

The Group has adopted policies and procedures aimed at detecting and preventing the use of its banking network and services for money laundering, financing terrorism, bribery, tax evasion, human trafficking, modern day slavery, wildlife trafficking and related activities. These controls, however, may not eliminate instances where third parties seek to use the Group's products and services to engage in illegal or improper activities. In addition, while the Group reviews its relevant counterparties' internal policies and procedures with respect to such matters, the Group, to a large degree, relies upon its relevant counterparties to maintain and properly apply their own appropriate anti-money laundering procedures. Such measures, procedures and compliance may not be effective in preventing third parties from using the Group (and its relevant counterparties) as a conduit for money laundering and terrorist financing (including illegal cash operations) without the Group's (and its relevant counterparties') knowledge. If the Group is associated with, or even accused of being associated with, or becomes a party to, money laundering or terrorist financing, the Group's reputation could suffer and it could become subject to fines, sanctions and/or legal enforcement (including being added to any "black lists" that would prohibit certain parties from engaging in transactions with the Group), any one of which could have a material adverse effect on the Group's results of operations, financial condition and prospects.

Furthermore, failure to comply with trade and economic sanctions, both primary and secondary (which are frequently subject to change by relevant governments and agencies in the jurisdictions in which the Group operates) and failure to comply fully with other applicable compliance laws and regulations, may result in the imposition of fines and other penalties on the Group, including the revocation of licences. In addition, the Group's business and reputation could suffer if customers use its banking network for money laundering, financing terrorism, or other illegal or improper purposes.

9. Failure to manage the risks associated with changes in taxation rates or applicable tax laws, or misinterpretation of such tax laws, could materially adversely affect the Group's results of operations, financial condition or prospects

Tax risk is the risk associated with changes in taxation rates, applicable tax laws, misinterpretation of such tax laws, disputes with relevant tax authorities in relation to historic transactions, or conducting a challenge to a relevant tax authority. Failure to manage this risk adequately could cause the Group to suffer losses due to additional tax charges and other financial costs including penalties. Such failure could lead to adverse publicity, reputational damage and potentially costs materially exceeding current provisions, in each case to an extent which could have an adverse effect on the Group's results of operations, financial condition or prospects.

Business and Operational Risks

1. Operational risks, including the risk that the Group fails to design resilience into business operations, underlying infrastructure and controls, including weaknesses or failures in the Group's processes, systems and security, and risks due to reliance on third party services and products could materially adversely affect the Group's operations

Operational risks, through inadequate or failed processes, systems (including financial reporting and risk monitoring processes) or security, or from people-related or external events, including the risk of fraud and other criminal acts carried out against the Group, are present in the Group's businesses. The Group's businesses are dependent on processing and reporting accurately and efficiently a high volume of complex transactions

across numerous and diverse products and services, in different currencies and subject to a number of different legal and regulatory regimes. Any weakness or errors in these processes, systems or security could have an adverse effect on the Group's results, reporting of such results, and on the ability to deliver appropriate customer outcomes during the affected period which may lead to an increase in complaints and damage to the reputation of the Group.

Specifically, failure to develop, deliver or maintain effective IT solutions in line with the Group's operating environment could have a material adverse impact on customer service and business operations. Any prolonged loss of service availability could damage the Group's ability to service its customers, could result in compensation costs and could cause long-term damage to the Group's business and brand. See "*Business and Operational Risks - The Group's business is subject to risks related to cybercrime*."

Third parties such as suppliers and vendors upon which the Group relies for important products and services could also be sources of operational risk, specifically with regard to security breaches affecting such parties. The Group may be required to take steps to protect the integrity of its operational systems, thereby increasing its operational costs. Additionally, any problems caused by these third parties, including as a result of their not providing the Group their services for any reason, their performing their services poorly, or employee misconduct, could adversely affect the Group's ability to deliver products and services to customers and otherwise to conduct business. Replacing these third party vendors or moving critical services from one provider to another could also entail significant delays and expense.

The Group is also exposed to risk of fraud, cyberattack and other criminal activities (both internal and external) due to the operational risks inherent in banking operations. These risks are also present when the Group relies on outside suppliers or vendors to provide services to the Group and its customers. Fraudsters may target any of the Group's products, services and delivery channels, including lending, internet banking, payments, bank accounts and cards. This may result in financial loss to the Group and/or the Group's customers, poor customer experience, reputational damage, potential litigation and regulatory proceedings. Industry reported gross fraud losses have continued to increase as both financial institutions and their customers are targeted.

Fraud losses and their impacts on customers and the wider society are now an increasing priority for consumer groups, regulators and the UK Government. Any weakness or errors in the Group's processes, systems or security could have an adverse effect on the Group's results and on the ability to deliver appropriate customer responses, which may lead to an increase in complaints and damage to the Group's reputation. See "*Regulatory and Legal Risks – The Group must comply with anti-money laundering, counter terrorist financing, anti-bribery and sanctions regulations, and a failure to prevent or detect any illegal or improper activities fully or on a timely basis could negatively impact customers and expose the Group to liability*".

2. The Group is exposed to conduct risk

The Group is exposed to various forms of conduct risk in its operations. Conduct risk is the risk of customer detriment across the customer life-cycle, including: failures in product management, distribution and servicing activities; from other risks materialising; or other activities which could undermine the integrity of the market or distort competition, leading to unfair customer outcomes, regulatory censure, reputational damage or financial loss. Such risks are inherent in banking services. Forms of conduct risk include business and strategic planning that does not sufficiently consider customer need (leading to products being offered beyond target markets and mis-selling of financial products), ineffective management and monitoring of products and their distribution (which could result in customers receiving unfair outcomes), customer communications that are unclear, unfair, misleading or untimely (which could impact customer decision-making and result in customers receiving unfair outcomes), a culture that is not sufficiently customer-centric (potentially driving improper decision-making and unfair outcomes for customers), outsourcing of customer service and product delivery via

third-parties that do not have the same level of control, oversight and customer-centric culture as the Group (which could result in potentially unfair or inconsistent customer outcomes), the possibility of alleged mis-selling of financial products (which could require amendments to sales processes, withdrawal of products or the provision of restitution to affected customers, all of which may require additional provisions in the Group's financial accounts), ineffective management of customer complaints or claims (which could result in customers receiving unfair outcomes), ineffective processes or procedures to support customers, including those in potentially vulnerable circumstances (which could result in customers receiving unfair outcomes or treatments which do not support their needs), and poor governance of colleagues' incentives and rewards and approval of schemes which drive unfair customer outcomes. Ineffective management and oversight of legacy conduct issues can also result in customers who are undergoing remediation being unfairly treated and therefore further rectification being required.

The Group is also exposed to the risk of engaging in, or failing to manage, conduct which could constitute market abuse, undermine the integrity of a market in which it is active, distort competition or create conflicts of interest. Each of these risks can lead to regulatory censure, reputational damage, regulatory intervention/enforcement, the imposition of lengthy remedial redress programmes and financial penalties or other loss for the Group, all of which could have a material adverse effect on the Group's results of operations, financial condition or prospects.

3. The Group's business is subject to risks related to cybercrime

The Group holds personally identifiable information on its systems aligned to product and services delivered to customers. Protection is delivered in accordance with data protection legislation, including GDPR. In certain international locations, there are additional regulatory requirements that must be followed for business conducted in that jurisdiction. In the U.S., for example, the Company was required from February 2018 to formally attest that it complies with specific cyber security requirements put forth by the New York State Department of Financial Services in Part 500 of Title 23 of the Official Compilation of Codes, Rules and Regulations of the State of New York.

The Group's IT infrastructure, and that of third parties on whom the Group relies, may be vulnerable to cyber-attacks, malware, denial of services, unauthorised access and other events that have a security impact. Such an event may impact the confidentiality or integrity of the Group's or its clients', employees' or counterparties' information or the availability of services to customers. As a result of such an event or a failure in the Group's cyber security policies, the Group could experience material financial loss, loss of competitive position, regulatory actions, breach of client contracts, reputational harm or legal liability, which, in turn, could have a material adverse effect on the Group's results of operations, financial condition or prospects. The Group may be required to spend additional resources to modify its protective measures or to investigate and remediate vulnerabilities or other exposures, and it may be subject to litigation and financial losses that are either not insured against fully or not fully covered through any insurance that it maintains. The Group is committed to continued participation in industry-wide activity relating to cyber risk. This includes working with relevant regulatory and government departments to evaluate the approach the Group is taking to mitigate this risk and sharing relevant information across the financial services sector.

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

The risks associated with climate change are coming under an increasing focus, both in the UK and internationally, from governments, regulators and large sections of society. These risks include: physical risks, arising from climate and weather-related events of increasing severity and/or frequency; transition risks resulting from the process of adjustment towards a lower carbon economy (including stranded, redundant or prohibited assets); and liability risks arising from the Group or clients experiencing litigation or reputational damage as a result of sustainability issues.

Physical risks from climate change arise from a number of factors and relate to specific weather events and longer term shifts in the climate. The nature and timing of extreme weather events are uncertain but they are increasing in frequency and their impact on the economy is predicted to be more acute in the future. The potential impact on the economy includes, but is not limited to, lower GDP growth, higher unemployment and significant changes in asset prices and profitability of industries. Such risks could lead to deteriorating claims experience for the Group's general insurance business, out of line with the original assessment of risk that was used to set price and capital adequacy. This could pose a threat to both profitability and the strength of the solvency position of the general insurance business. Climate change related increases in risk could also necessitate the withdrawal of cover from areas that become uninsurable due to extreme inundation risk, opening the Group up to reputational damage in its withdrawal of such support. The physical risks could also lead to the disruption of business activity at client's locations. In addition, the Group's premises and resilience may also suffer physical damage due to weather events leading to increased costs for the Group.

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

In January 2020, the Group announced an ambitious goal to work with customers, government and the market to help reduce the emissions the Group finances by more than 50 percent by 2030. Achieving this goal will require, among other things: customers to change their behaviours; governments to introduce new policies, incentives and to invest in infrastructure; new market developments; and technological advancements. If these changes, most of which are out of the Group's control, do not occur, the Group may have difficulty achieving its targets. Furthermore, in order to reach its targets, the Group will need to further develop sustainable finance products and may be required to alter its business model.

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

5. The Group's businesses are conducted in competitive environments, with increased competition scrutiny, and the Group's financial performance depends upon management's ability to respond effectively to competitive pressures and scrutiny

The markets for UK financial services, and the other markets within which the Group operates, are competitive, and management expects such competition to continue or intensify. This expectation is due to competitor behaviour, new entrants to the market (including a number of new retail banks as well as non-traditional financial services providers), consumer demand, technological changes such as the growth of digital banking, and the impact of regulatory actions and other factors. The Group's financial performance and its ability to maintain existing or capture additional market share depends significantly upon the competitive environment and management's response thereto.

The competitive environment can be, and is, influenced by intervention by the UK Government competition authorities and/or European regulatory bodies and/or governments of other countries in which the Group operates, including in response to any perceived lack of competition within these markets. This may

significantly impact the competitive position of the Group relative to its international competitors, which may be subject to different forms of government intervention.

The Competition and Markets Authority (the "**CMA**") launched a full market investigation into competition in the SME banking and personal current account ("**PCA**") markets in November 2014 and published its final report on 9 August 2016, followed by the Retail Banking Market Investigation Order 2017 on 2 February 2017. The key final remedies include: the introduction of "Open Banking", the publication of service quality information and customer information prompts. Recommendations were also made regarding improvements to current account switching, monthly maximum charges for PCA overdraft users, overdraft notifications and additional measures to assist small business in comparing the different products available. The FCA has also undertaken market reviews in each of the major retail product markets and introduced remedies to help customers compare products and switch between products and product providers.

Additionally, the internet and mobile technologies are changing customer behaviour and the competitive environment. There has been a steep rise in customer use of mobile banking over the last several years. The Group faces competition from established providers of financial services as well as from banking business developed by non-financial companies, including technology companies with strong brand recognition.

As a result of any restructuring or evolution in the market, there may emerge one or more new viable competitors in the UK banking market or a material strengthening of one or more of the Group's existing competitors in that market. Any of these factors or a combination thereof could result in a significant reduction in the profit of the Group.

6. The Group could fail to attract or retain senior management or other key employees

The Group's success depends on its ability to attract, retain and develop high calibre talent. If the Group was to unexpectedly lose a member of its key management or fail to maintain one of the strategic relationships of the Group's key management team, its business and results of operations could be materially adversely affected.

In addition, the Group also relies upon the services of other third-party providers for certain services and it may exercise limited control over the activities and business practices of these providers and any inability on the Group's part to maintain satisfactory commercial relationships with them or their failure to provide quality services could adversely affect the Group's business.

Attracting additional and retaining existing skilled personnel is fundamental to the continued growth of the Group's business. Personnel costs, including salaries, are increasing as the general level of prices and the standard of living increases in the countries in which the Group does business and as industry-wide demand for suitably qualified personnel increases. No assurance can be given that the Group will successfully attract new personnel or retain existing personnel required to continue to expand the Group's business and to successfully execute and implement the Group's business strategy. In addition, the uncertainty resulting from the UK's exit from the EU on foreign nationals' long-term residency permissions in the UK may make it challenging for the Group to retain and recruit colleagues with relevant skills and experience.

7. The Group may fail to execute its ongoing strategic change initiatives, and the expected benefits of such initiatives may not be achieved on time or as planned

In order to maintain and enhance the Group's strategic position, it continues to invest in new initiatives and programmes. The Group acknowledges the challenges faced with delivering these initiatives and programmes alongside the extensive agenda of regulatory and legal changes whilst safely operating existing systems and controls.

As the Group continues to deliver this strategy there is considerable focus on digitisation and ensuring the Group meets customer demands through digital and mobile platforms.

The successful completion of these programmes and the Group's other strategic initiatives requires ongoing subjective and complex judgements, including forecasts of economic conditions in various parts of the world, and can be subject to significant risks. For example, the Group's ability to execute its strategic initiatives successfully may be adversely impacted by a significant global macroeconomic downturn, legacy issues, limitations in the Group's management or operational capacity and capability or significant and unexpected regulatory change in countries in which the Group operates.

Failure to execute the Group's strategic initiatives successfully could have an adverse effect on the Group's ability to achieve the stated targets and other expected benefits of these initiatives, and there is also a risk that the costs associated with implementing such initiatives may be higher than expected or benefits may be lesser than expected. Both of these factors could materially adversely impact the Group's results of operations, financial condition or prospects.

8. The Group may be unable to fully capture the expected value from acquisitions, which could materially and adversely affect the Group's results of operations, financial condition or prospects

The Group may from time to time undertake acquisitions as part of its growth strategy, which could subject the Group to a number of risks, such as: (i) the rationale and assumptions underlying the business plans supporting the valuation of a target business may prove inaccurate, in particular with respect to synergies and expected commercial demand; (ii) the Group may fail to successfully integrate any acquired business, including its technologies, products and personnel; (iii) the Group may fail to retain key employees, customers and suppliers of any acquired business; (iv) the Group may be required or wish to terminate pre-existing contractual relationships, which could prove costly and/or be executed at unfavourable terms and conditions; (v) the Group may fail to discover certain contingent or undisclosed liabilities in businesses that it acquires, or its due diligence to discover any such liabilities may be inadequate; and (vi) it may be necessary to obtain regulatory and other approvals in connection with certain acquisitions and there can be no assurance that such approvals will be obtained and even if granted, that there will be no burdensome conditions attached to such approvals, all of which could materially and adversely affect the Group's results of operations, financial conditions or prospects.

9. The Group could be exposed to industrial action and increased labour costs resulting from a lack of agreement with trade unions

Within the Group, there are currently two recognised unions for the purposes of collective bargaining. Combined, these collective bargaining arrangements apply to around 95 per cent. of the Group's total workforce.

Where the Group or its employees or their unions seek to change any of their contractual terms, a consultation and negotiation process is undertaken. Such a process could potentially lead to increased labour costs or, in the event that any such negotiations were to be unsuccessful and result in formal industrial action, the Group could experience a work stoppage that could materially adversely impact its business, financial condition and results of operations.

10. The Group's financial statements are based, in part, on assumptions and estimates

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of assets, liabilities, income and expenses. Due to the inherent uncertainty in making estimates, actual results reported in future periods may be based upon amounts which differ from those estimates. Estimates, judgements and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable

under the circumstances. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

The consolidated financial statements are prepared using judgements, estimates and assumptions based on information available at the reporting date. If one or more of these judgements, estimates and assumptions is subsequently revised as a result of new factors or circumstances emerging, there could be a material adverse effect on the Group's results of operations, financial condition or prospects and a corresponding impact on its funding requirements and capital ratios.

11. The Company is dependent on the receipt of dividends from its subsidiaries to meet its obligations, including its payment obligations with respect to its debt securities

The Company is a non-operating holding company. The principal sources of the Company's income are, and are expected to continue to be, distributions from operating subsidiaries which also hold the principal assets of the Group. As a separate legal entity, the Company relies on such distributions in order to be able to meet its obligations (including its payment obligations with respect to its debt securities), and to create distributable reserves for payment of dividends to ordinary shareholders.

The ability of the Company's subsidiaries (including subsidiaries incorporated outside the UK) to pay dividends and the Company's ability to receive distributions from its investments in other entities will also be subject not only to their financial performance but also to applicable local laws and other restrictions. These restrictions could include, among others, any regulatory requirements, leverage requirements, any statutory reserve requirements and any applicable tax laws. There may also be restrictions as a result of current or forthcoming ring-fencing requirements, including those relating to the payment of dividends and the maintenance of sufficient regulatory capital on a sub-consolidated basis at the level of the ring-fenced bank sub-group. These laws and restrictions could limit the payment of dividends and distributions to the Company by its subsidiaries and any other entities in which it holds an investment from time to time, which could restrict the Company's ability to meet its obligations and/or to pay dividends to ordinary shareholders.

Risks related to the structure of a particular issue of Notes.

1. Noteholders' claims against the Company rank junior to certain other creditors

If the Company enters into an insolvent winding-up procedure, the administrator, liquidator or other insolvency practitioner would be expected to make distributions of the Company's residual assets to its creditors in accordance with a statutory hierarchy or "order of priority". The same statutory hierarchy would be expected to apply if the Notes were written down or converted prior to or in resolution pursuant to the powers of the Authorities under the SRR.

2. Remedies for Non-Payment

The Notes do not provide for acceleration following non-payment of interest other than in a winding-up of the Company.

Further, in the case of Restricted Events of Default Senior Notes and Dated Subordinated Notes, the sole remedy against the Company available to the Trustee or any Noteholder or Couponholder for recovery of amounts owing in respect of or arising under any such Notes will be the institution of proceedings for, and proving in, the winding up of the Company. As such, the remedies available to holders of these Notes are limited, which may make enforcement more difficult.

3. Noteholders may be required to absorb losses in the event the Company becomes subject to recovery and resolution action

See "*Regulatory and Legal Risks - The Group and its subsidiaries are subject to regulatory actions which may be taken in the event of a bank or Group failure"* above.

4. 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, by acquiring any Series of Notes, each Noteholder acknowledges and accepts that the Amounts Due (as defined in the Conditions) arising under the Notes may be subject to the exercise of the UK Bail-in Power (as defined in the Conditions) and acknowledges, accepts, consents and agrees 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 or other securities or other obligations of the Company 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; (iii) the cancellation of the Notes; (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 further acknowledges, accepts, consents and agrees to be bound by 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. Accordingly, the UK Bail-in Power may be exercised in such a manner as to result in Noteholders losing all or a part of the value of their investment in the Notes, having payment on the Notes suspended for a period of time or receiving a different security from the Notes, which may be worth significantly less than the Notes 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. In addition, under the Conditions, the exercise of the UK Bail-in Power by the Resolution Authority with respect to the Notes is not an event of default or default for any purpose.

5. The Company's obligations under Dated Subordinated Notes are subordinated

The Company's obligations under Dated Subordinated Notes will be unsecured and subordinated and will, in the event of the winding-up of the Company, be subordinated, in the manner provided in the Trust Deed, to the claims of depositors and all other Senior Creditors (as defined in "*Terms and Conditions of the Notes*" herein). Although Dated Subordinated Notes may pay a higher rate of interest than comparable Notes which are not subordinated, there is a real risk that an investor in Dated Subordinated Notes will lose all or some of his investment should the Company become insolvent.

6. Waiver of set-off

The holders of the Dated Subordinated Notes and (unless Senior Notes Waiver of Set-off is stated in the relevant Final Terms or Pricing Supplement to be not applicable) Senior Notes waive any right of set-off, compensation and retention in relation to such Notes insofar as permitted by applicable law.

7. Substitution, Variation or Redemption of Dated Subordinated Notes upon the occurrence of a Capital Disqualification Event

Where specified in the relevant Final Terms or Pricing Supplement, upon the occurrence and continuation of a Capital Disqualification Event (as defined in Condition 5) (i) the Company may, subject as provided in Condition 8 and without the need for any consent of the Noteholders, the Couponholders or the Trustee, substitute all (but not some only) of any Series of Dated Subordinated Notes, or vary the terms of such Notes so that they remain or, as appropriate, become, Compliant Securities (as defined in Condition 7) and/or (ii) the Company may at its option but subject to Condition 5*(j)* and without the need for any consent of the Noteholders, the Couponholders or the Trustee, redeem all but not some only of any relevant Series of Dated

Subordinated Notes, together (if applicable) with accrued but unpaid interest up to (but excluding) the date fixed for redemption.

8. Limitation on gross-up obligation under the Restricted Events of Default Senior Notes and the Dated Subordinated Notes

The Company's obligation to pay additional amounts in respect of any withholding or deduction in respect of United Kingdom taxes under the terms of the Restricted Events of Default Senior Notes and the Dated Subordinated Notes applies only to payments of interest due and payable and not to payments of principal. As such, the Company would not be required to pay any additional amounts under the terms of the such Notes to the extent any withholding or deduction applied to payments of principal. Accordingly, if any such withholding or deduction were to apply to any payments of principal under the such Notes, Noteholders may receive less than the full amount due under such Notes, and the market value of the Notes may be adversely affected.

9. Notes are obligations of the Company only

The Notes are obligations of the Company only and are not guaranteed by any other entity and accordingly the Noteholders have recourse in respect thereof only to the Company.

10. Notes subject to optional redemption by the Company

An optional redemption feature is likely to limit the market value of Notes. During any period when the Company may elect to redeem Notes, or during any period in which there is an actual or perceived increase in the likelihood that the Company may elect to redeem the Notes in the future, 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 Company may be expected 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.

11. Redemption for Taxation Reasons

On the occurrence of a Tax Event (as defined in Condition 5*(c)*), the Company may, at its option (but subject to certain conditions, including, in the case of Dated Subordinated Notes, Condition 5*(j)*) redeem all, but not some only, of any relevant Series of Notes at the applicable Early Redemption Amount together with any accrued but unpaid interest up to (but excluding) the date fixed for redemption.

12. Capital Disqualification Event Redemption

If at any time a Capital Disqualification Event occurs in relation to any Series of Dated Subordinated Notes, and the applicable Final Terms or Pricing Supplement for the Dated Subordinated Notes of such Series specify that the Company has an option to redeem such Notes in such circumstances, the Company may redeem all, but not some only, of the Dated Subordinated Notes of such Series at the Early Redemption Amount set out in the applicable Final Terms or Pricing Supplement together with any outstanding interest.

13. Redemption – Dated Subordinated Notes

Dated Subordinated Notes may be purchased, or redeemed prior to the relevant Maturity Date by the Company pursuant to Condition 5*(c)*, Condition 5*(d)* or Condition 5*(f)*, in each case, provided that (among other things, and except to the extent that the Relevant Regulator or the Regulatory Capital Requirements no longer so require) the Company has given prior notice to the Relevant Regulator and the Relevant Regulator has granted

permission for the Company to make such redemption or repurchase and any other requirements of the Relevant Regulator applicable to such purchases or redemptions at the time have been complied with by the Company.

If the Dated Subordinated Notes are to be so redeemed or there is a perception that the Dated Subordinated Notes may be so redeemed, this may impact the market price of the Dated Subordinated Notes. In addition, there can be no assurance that Noteholders will be able to reinvest the amounts received upon redemption at the same, or a similar, rate of return as their investment in the Dated Subordinated Notes.

14. Redemption – Senior Notes

If the applicable Final Terms or Pricing Supplement for Senior Notes of any Series specify that the Company has an option to redeem such Notes, the Company may opt to redeem all, or (if specified in the applicable Final Terms or Pricing Supplement) some only, of such Senior Notes at the price set out in the applicable Final Terms or Pricing Supplement together with any outstanding interest.

Further, if the applicable Final Terms or Pricing Supplement for any Series of Senior Notes specify that the Company has an option to redeem such Notes at a time when the remaining contractual maturity is one year or less, where such Senior Notes count towards its and/or the Group's minimum requirements for (A) own funds and eligible liabilities and/or (B) loss absorbing capacity instruments, it is possible that the Company may elect to redeem such Notes pursuant to such option, as the Notes will, as a result of the remaining contractual maturity being less than the period prescribed by the applicable eligibility criteria under the current Loss Absorption Regulations, be expected to cease to so count.

Pursuant to amendments to the Capital Requirements Regulation, the Company shall be required to obtain the prior permission of the Relevant Regulator to effect the call, redemption, repayment or repurchase of any Senior Notes which count towards the Group's minimum requirements for own funds and eligible liabilities prior to the date of their contractual maturity.

If the Senior Notes are to be so redeemed or there is a perception that the Senior Notes may be so redeemed, this may impact the market price of the Senior Notes. In addition, there can be no assurance that Noteholders will be able to reinvest the amounts received upon redemption at a rate that will provide the same rate of return as their investment in the Senior Notes.

15. Loss Absorption Disqualification Event Redemption

If at any time a Loss Absorption Disqualification Event occurs and is continuing in relation to any Series of Senior Notes, and the applicable Final Terms or Pricing Supplement for the Notes of such Series specify the Company has an option to redeem such Senior Notes, the Company may redeem all, but not some only, of the Senior Notes of such Series at the price set out in the applicable Final Terms or Pricing Supplement together with any outstanding interest.

A Loss Absorption Disqualification Event shall be deemed to have occurred if, as a result of any amendment to, or change in, the Loss Absorption Regulations, or any change in the application or official interpretation of the Loss Absorption Regulations, in any such case becoming effective on or after the Issue Date of the first Tranche of the Senior Notes, the Notes are or (in the opinion of the Company the Relevant Regulator and/or the United Kingdom resolution authority) are likely to be fully or (if so specified in the applicable Final Terms or Pricing Supplement) partially excluded from the Company's and/or the Group's minimum requirements 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 Company and/or the Group 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 such Notes being less than any period prescribed by any applicable eligibility criteria for such

minimum requirements under the relevant Loss Absorption Regulations effective with respect to the Company and/or the Group on the Issue Date of the first Tranche of such Notes.

16. Potential Conflicts of Interest

Where the Company acts as the Calculation Agent, or the Calculation Agent is an affiliate of the Company, potential conflicts of interest may exist between the Calculation Agent and Noteholders, including with respect to certain determinations and judgements that the Calculation Agent may make pursuant to the Conditions that may influence the amount receivable upon redemption of the Notes.

17. Notes issued at a substantial discount or premium

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

18. Floating Rate Notes and Fixed Rate Reset Notes referencing or linked to benchmarks

Benchmarks have, in recent years, been the subject of political and regulatory scrutiny as to how they are created and operated. This has resulted in regulatory reform and changes to existing benchmarks, with further changes anticipated. These reforms and changes may cause a benchmark to perform differently than it has done in the past or to be discontinued. Any change in the performance of a benchmark or its discontinuation, could have a material adverse effect on any Notes referencing or linked to such benchmark, including possible adverse tax consequences for certain Noteholders.

Any of the reforms, or the general increase in regulatory scrutiny of benchmarks, could increase the costs and risks of administering or participating in the setting of a benchmark and complying with any such regulations or requirements. Such factors may have the effect of discouraging market participants from continuing to administer or contribute to certain benchmarks, trigger changes in the rules or methodologies used in certain benchmarks or lead to the discontinuation or unavailability of quotes of certain benchmarks. As an example of such reforms, the FCA has indicated that the continuation of LIBOR on the current basis (or at all) cannot and will not be guaranteed after 2021. At the end of this period, it is the FCA's intention that it will not be necessary to sustain LIBOR through its influence or legal powers by persuading, or obliging banks to submit to LIBOR. Therefore, the continuation of LIBOR in its current form (or at all) after 2021 cannot be guaranteed.

Any changes to the administration of, or the methodology used to obtain, a benchmark or the emergence of alternatives to a benchmark as a result of these reforms, may cause the relevant benchmark to perform differently than in the past or to be discontinued, or there could be other consequences which cannot be predicted. The potential discontinuation of a benchmark or changes to its administration could require changes to the way in which the Rate of Interest is calculated in respect of any Notes referencing or linked to a benchmark. The development of alternatives to a benchmark may result in Notes linked to or referencing the relevant benchmark performing differently than would otherwise have been the case if such alternatives to such benchmark had not developed. Any such consequence could have a material adverse effect on the value of, and return on, any Notes referencing or linked to a benchmark.

Furthermore, even prior to the implementation of any changes, uncertainty as to the nature of alternative reference rates and as to potential changes to such benchmark may adversely affect such benchmark during the term of the relevant Notes, the return on the relevant Notes and the trading market for securities based on the same benchmark.

In accordance with the Conditions, Notes which reference any affected benchmark may be subject to the adjustment of the interest provisions in certain circumstances. The circumstances which could trigger such

adjustments are beyond the Company's control and the subsequent use of a replacement benchmark may result in changes to the Conditions (which could be extensive) and/or interest payments that are lower than or that do not otherwise correlate over time with the payments that could have been made on such Notes if the relevant benchmark remained available in its current form. Although pursuant to the Conditions, spread adjustments may be applied to such replacement benchmark (including with the intention of partially or wholly reducing or eliminating any economic prejudice or benefit (as applicable) to investors arising out of the replacement of the relevant benchmark), the application of such adjustments to the Notes may not achieve this objective. Any such changes may result in the Notes performing differently (which may include payment of a lower interest rate) than if the original benchmark continued to apply. There is no assurance that the characteristics of any replacement benchmark would be similar to the affected benchmark, that any replacement benchmark would produce the economic equivalent of the affected benchmark or would be a suitable replacement for the affected benchmark. The choice of replacement benchmark is uncertain and could result in the use of risk free rates (see *"Risks related to the structure of a particular issue of Notes - The market continues to develop in relation to risk free rates (including overnight rates) as reference rates for Floating Rate Notes*" below) and/or in the replacement benchmark being unavailable or indeterminable. No adjustments or amendments will be applied if and to the extent that, in the determination of the Company, the same could reasonably be expected to prejudice the qualification of the relevant Series of Dated Subordinated Notes as Tier 2 Capital and/or the relevant Series of Notes as eligible liabilities or loss absorbing capacity instruments for the purposes of the Loss Absorption Regulations. In certain circumstances (including, without limitation, those mentioned in the preceding sentence) the ultimate fallback provisions may result in the effective application of a fixed rate of interest to Floating Rate Notes and/or Fixed Rate Reset Notes. Furthermore, if the Company determines that it is not able to follow the prescribed steps set out in the Conditions, the relevant fallback provisions may not operate as intended at the relevant time. Any such consequence could have a material adverse effect on the trading markets for such Notes, the liquidity of such Notes and/or the value of and return on any such Notes. The Conditions may require the exercise of discretion by the Company or an independent adviser, as the case may be, and the making of potentially subjective judgments (including as to the occurrence or not of any events which may trigger amendments to the Conditions) and/or the amendment of the Conditions without the consent of Noteholders. The interests of the Company or the independent adviser, as applicable, in making such determinations or amendments may be adverse to the interests of the Noteholders. Moreover, any of the above matters or any other significant change to the setting or existence of any relevant reference rate could affect the ability of the Company to meet its obligations under Notes linked to a benchmark or could have a material adverse effect on the market value or liquidity of, and the amount payable under such Notes. Investors should consider these matters when making their investment decision with respect to such Notes. Investors should also consult their own independent advisers and make their own assessment about the potential risks imposed by the possible cessation or reform of certain reference rates.

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

Interest on Notes which reference a risk free rate is only capable of being determined immediately prior to the relevant Interest Payment Date. It may be difficult for investors in Notes which reference such risk free rates to reliably estimate the amount of interest which will be payable on such Notes. Further, if the Notes become due and payable under Condition 10, the Rate of Interest payable shall be determined on the date the Notes became due and payable and shall not be reset thereafter. Investors should also be aware that the market continues to develop in relation to risk free rates, such as the Sterling Overnight Index Average ("**SONIA**"), the Secured Overnight Financing Rates ("**SOFR**") and the euro short-term rate ("**€STR**") as reference rates in the capital markets and their adoption as alternatives to the relevant interbank offered rates. In addition, market participants and relevant working groups are exploring alternative reference rates based on risk free rates, including term SONIA, SOFR and €STR (which seek to measure the market's forward expectation of an average SONIA,

SOFR or €STR over a designated term). The market or a significant part thereof may adopt an application of risk free rates that differs significantly from that set out in the Conditions and used in relation to Floating Rate Notes that reference a risk free rate issued under this Prospectus. In this respect, the Bank of England released a discussion paper in February 2020 entitled "Supporting Risk-Free Rate transition through the provision of compounded SONIA" pursuant to which the Bank stated its intention to publish a daily SONIA compounded index and its consideration whether to publish a set of compounded SONIA period averages, an approach similar to that already taken by the Federal Reserve Bank of New York in respect of SOFR. This means that a screen rate based on an observable publicly available average rate or index may evolve over time but there is no guarantee of this. In addition, the manner of adoption or application of risk free rates in the bond markets may differ materially compared with the application and adoption of risk free rates in other markets, such as the derivatives and loan markets. Investors should carefully consider how any mismatch between the adoption of such reference rates in the bond, loan and derivatives 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 such risk free rates. The use of risk free rates as a reference rate for bonds is nascent, and may be subject to 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 rates. Notes referencing risk free rates may have no established trading market when issued, and an established trading market may never develop or may not be very liquid which, in turn, may reduce the trading price of the Notes or mean that investors in such Notes may not be able to sell such Notes at all or may not be able to sell such Notes at prices that will provide them with a yield comparable to similar investments that have a developed secondary market, and may consequently suffer from increased pricing volatility and market risk. Investors should consider these matters when making their investment decision with respect to any such Floating Rate Notes.

Risks related to Notes generally.

1. The Notes are not bank deposits and are not insured or guaranteed by the FSCS or any other government agency

The Notes are not bank deposits. In the event of the insolvency of the Company, the Notes will not have the benefit of any insurance or guarantee of the FSCS or any other government agency.

2. Modification, waivers and substitution

The Conditions contain provisions for calling meetings of Noteholders to consider 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 Conditions also provide that the Trustee may, without the consent of the Noteholders, agree to (i) any modification of, or waiver or authorisation of any breach or proposed breach of, any of the Conditions or (ii) determine without the consent of the Noteholders that any Event of Default or potential Event of Default shall not be treated as such or (iii) the substitution of another entity as principal debtor under any Notes in place of the Company, in the circumstances described in Condition 12 of the Conditions.

In addition, pursuant to Condition 4(*j*), certain changes may be made to the interest calculation provisions of the Floating Rate Notes or Fixed Rate Reset Notes in the circumstances set out in Condition 4(*j*), without the requirement for consent of the Trustee or the Noteholders. See "*Risks related to the structure of a particular issue of Notes - Floating Rate Notes and Fixed Rate Reset Notes referencing or linked to benchmarks*" above.

3. Change of law

The Conditions (aside from those relating to Dated Subordinated Notes, which are governed by Scots law) are based on English law in effect as at the date of issue of the relevant Notes. No assurance can be given as to the impact of any possible judicial decision or change to English law, Scots law or administrative practice after the date of issue of the relevant Notes.

4. Notes where denominations involve integral multiples

In the case 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 Notes may be traded in amounts that are not integral multiples of such minimum Specified Denomination. In the case of Bearer Notes, a Noteholder who, as a result of trading such amounts, holds a principal amount of less than the minimum Specified Denomination will 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 such that it holds an amount equal to one or more Specified Denominations.

If definitive Notes 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.

5. Holding CREST Depository Interests

Investors who hold through CREST through the issuance of CDIs ("**CDI Holders**") will hold or have an interest in a separate legal instrument and not be the legal owners of the Notes underlying the CDIs (the "**Underlying Notes**"). Such CDIs will be issued to CDI Holders pursuant to the global deed poll dated 25 June 2001 (as subsequently modified, supplemented and/or restated) (the "**CREST Deed Poll**") that will bind such CDI Holders. Fees, charges, costs and expenses may be incurred in connection with the use of the CREST International Settlement Links Service.

Potential investors should note that neither the Company, the Trustee nor any Paying Agent will have any responsibility for the performance by any intermediaries or their respective direct or indirect participants or accountholders of their respective obligations under the rules and procedures governing their operations.

For further information on the issue and holding of CDIs see "*Clearing and Settlement*".

6. Potential U.S. Foreign Account Tax Compliance Act withholding and information reporting

Pursuant to certain provisions of the U.S. Internal Revenue Code of 1986, commonly known as FATCA, a "foreign financial institution" may be required to withhold on certain payments it makes ("**foreign passthru payments**") to persons that fail to meet certain certification, reporting, or related requirements. The Company is a foreign financial institution for these purposes. A number of jurisdictions (including the United Kingdom) have entered into, or have agreed in substance to, intergovernmental agreements with the United States to implement FATCA ("**IGAs**"), which modify the way in which FATCA applies in their jurisdictions. Certain aspects of the application of the FATCA provisions and IGAs to instruments such as the Notes, including whether withholding would ever be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Notes, are uncertain and may be subject to change.

Even if withholding would be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Notes, under proposed U.S. Treasury regulations 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 filed with the U.S. Federal Register generally would be "grandfathered" for purposes of FATCA withholding unless materially modified after such date. In the preamble to the proposed regulations, the U.S. Treasury Department

indicated that taxpayers may rely on these proposed regulations until the issuance of final regulations. However, if additional notes (as described under "*Terms and Conditions of the Notes — 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. In the event any withholding would be required pursuant to FATCA or an IGA with respect to payments on the Notes, no person will be required to pay additional amounts as a result of the withholding. Noteholders should consult their own tax advisors regarding how these rules may apply to their investment in the Notes.

Information relating to the Notes, their holders and beneficial owners may be required to be provided to tax authorities in certain circumstances pursuant to domestic or international reporting and transparency regimes. This may include (but is not limited to) information relating to the value of the Notes, amounts paid or credited with respect to the Notes, details of the holders or beneficial owners of the Notes and information and documents in connection with transactions relating to the Notes. In certain circumstances, the information obtained by a tax authority may be provided to tax authorities in other countries. Some jurisdictions operate a withholding system in place of, or in addition to, such provision of information requirements.

Risks related to the market generally

1. The secondary market generally

Notes may have no established trading market when issued, and one may never develop. If a market does develop, it may not be liquid and may be sensitive to changes in financial markets. 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 particularly be the case should the Company experience significant financial distress, which may result in any sales of Notes having to be at a substantial discount to their principal amount, or for Notes that are especially sensitive to interest rate, currency or market risks, are designed for specific investment objectives or strategies or have been structured to meet the investment requirements of limited categories of investors. These types of Notes generally would have a more limited secondary market and more price volatility than conventional debt securities. Illiquidity may have a severely adverse effect on the market value of Notes.

2. Exchange rate risks and exchange controls

The Company 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 application 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 Company 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.

3. Interest rate risk

Investment in Fixed Rate Notes involves the risk that subsequent changes in market interest rates may adversely affect the value of Fixed Rate Notes.

4. Credit ratings may not reflect all risks

One or more independent credit rating agencies may assign ratings to an issue of Notes. The ratings may not reflect the potential impact of all risks related to the 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.

5. Effect of credit rating reduction

The value of the Notes is expected to be affected, in part, by investors' general appraisal of the Company's creditworthiness. Such perceptions are generally influenced by the ratings accorded to the Company's outstanding securities by standard statistical rating services, such as Moody's, S&P and Fitch. A reduction in the rating, if any, accorded to outstanding debt securities of the Company by one of these rating agencies could result in a reduction in the trading value of the Notes.

6. Investors to rely on the procedures of Euroclear Bank SA/NV ("Euroclear") and Clearstream Banking S.A. ("Clearstream, Luxembourg") for transfer, payment and communication with the Company

Notes issued under the Programme may be represented by one or more Global Notes or a permanent registered global certificate (each a "**Global Certificate**"). Such Global Notes or Global Certificates may be deposited with a common depositary or a common safekeeper (the "**Common Safekeeper**"), as the case may be, for Euroclear and Clearstream, Luxembourg. Except in the circumstances described in the relevant Global Note or Global Certificate, investors will not be entitled to receive definitive Notes or Certificates. Euroclear and Clearstream, Luxembourg will maintain records of the beneficial interests in the Global Notes or Global Certificates. While the Notes are represented by one or more Global Notes or Global Certificates, investors will be able to trade their beneficial interests only through Euroclear or Clearstream, Luxembourg.

While the Notes are represented by one or more Global Notes or Global Certificates, the Company will discharge its payment obligations under the Notes by making payments to the common depositary or a common safekeeper, as the case may be, for Euroclear or Clearstream, Luxembourg for distribution to their account holders. A holder of a beneficial interest in a Global Note or Global Certificate must rely on the procedures of Euroclear and Clearstream, Luxembourg to receive payments under the relevant Notes. The Company has no responsibility or liability for the records relating to, or payments made in respect of, beneficial interest in the Global Notes or Global Certificates.

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

7. Risks related to payment of Notes in an Alternative Currency

The Company's primary obligation is to make all payments of interest, principal and other amounts with respect to Notes in the relevant Specified Currency. However, if Alternative Currency Equivalent is specified to be applicable and if access to the Specified Currency becomes restricted, the Company may in its sole and absolute discretion (i) postpone the payment of any such amounts, (ii) make any such payment in the relevant Alternative Currency at the rates, and in the manner, set out in Condition 6*(i)* and the relevant Final Terms or Pricing Supplement, (iii) postpone the payment and make such payment in the relevant Alternative Currency or (iv) cancel or redeem the Notes.

Risks related to Notes denominated in Renminbi ("Renminbi Notes")

1. The Renminbi is not freely convertible; there are significant restrictions on remittance of Renminbi into and outside the People's Republic of China (the "PRC") which may adversely affect the liquidity of Renminbi Notes.

The Renminbi is not freely convertible at present. The PRC government continues to regulate conversion between the Renminbi and foreign currencies, including the Hong Kong dollar, despite the significant reduction over the years by the PRC government of control over trade transactions involving import and export of goods and services as well as other frequent routine foreign exchange transactions. This represents a current account activity. Remittance of Renminbi by foreign investors into the PRC for the purposes of capital account items, such as capital contributions, is generally only permitted upon obtaining specific approvals from, or completing specific registrations or filing with, the relevant authorities and is subject to a strict monitoring system. Regulations in the PRC on the remittance of Renminbi into the PRC for settlement of capital account items are developing gradually.

Although Renminbi was added to the Special Drawing Rights basket created by the International Monetary Fund in 2016 and policies further improving accessibility to Renminbi to settle cross-border transactions in foreign currencies were implemented by the People's Bank of China ("**PBOC**") in 2018, there is no assurance that the PRC government will continue to liberalise the control over cross-border RMB remittances in the future, that any pilot schemes for Renminbi cross-border utilisation will not be discontinued or that new PRC regulations will not be promulgated in the future which have the effect of restricting or eliminating the remittance of Renminbi into or outside the PRC. In the event that funds cannot be repatriated outside the PRC in Renminbi, this may affect the overall availability of Renminbi outside the PRC and the ability of the Company to source Renminbi to finance its obligations under the Renminbi Notes.

Holders of beneficial interests in Notes denominated in Renminbi may be required to provide certifications and other information (including Renminbi account information) in order to receive payments in Renminbi in accordance with the Renminbi clearing and settlement system for participating banks in Hong Kong.

2. There is only limited availability of Renminbi outside the PRC, which may affect the liquidity of Renminbi Notes and the Company's ability to source Renminbi outside the PRC to service such Renminbi Notes

As a result of the restrictions imposed by the PRC government on cross border Renminbi fund flows, the availability of Renminbi outside the PRC is limited. The PBOC has established a Renminbi clearing and settlement system with financial institutions in other major global financial centres (each an "**RMB Clearing Bank**") through settlement agreements (the "**Settlement Agreements**") with each such financial institution to act as the RMB Clearing Bank in the relevant designated financial centre.

However, the current size of Renminbi-denominated financial assets outside the PRC is limited. Renminbi business participating banks do not have direct Renminbi liquidity support from the PBOC. They are only allowed to square their open positions with the relevant RMB Clearing Bank after consolidating the Renminbi trade position of banks outside of the Renminbi business participating financial centres that are in the same bank group of the participating banks concerned with their own trade position and the relevant RMB Clearing Bank only has access to onshore liquidity support from PBOC to square open positions of participating banks for limited types of transactions, including open positions resulting from conversion services for corporations relating to cross-border trade settlement. The relevant RMB Clearing Bank is not obliged to square for participating banks any open positions resulting from other foreign exchange transactions or conversion services. In such cases, the participating banks will need to source Renminbi from outside the PRC to square such open positions.

Although it is expected that the offshore Renminbi market will continue to grow in depth and size, its growth is subject to many constraints as a result of PRC laws and regulations on foreign exchange. There is no assurance that new PRC regulations will not be promulgated or the Settlement Agreements will not be terminated or amended in the future which will have the effect of restricting availability of Renminbi outside the PRC. The limited availability of Renminbi outside the PRC may affect the liquidity of the Renminbi Notes. To the extent the Company is required to source Renminbi outside the PRC to service the Renminbi Notes, there is no assurance that the Company will be able to source such Renminbi on satisfactory terms, if at all.

3. Investment in the Renminbi Notes is subject to exchange rate risks and the Company may make payments of interest and principal in U.S. dollars in certain circumstances

The value of the Renminbi against the U.S. dollar and other foreign currencies fluctuates and is affected by changes in the PRC and international political and economic conditions and by many other factors. In August 2015, the PBOC implemented changes to the way it calculates the midpoint against the U.S. dollar to take into account market-maker quotes before announcing the daily midpoint. This change, among others that may be implemented, may increase the volatility in the value of the Renminbi against other currencies. In addition, although the Company's primary obligation is to make all payments of interest and principal or other amounts with respect to the Renminbi Notes in Renminbi, in certain circumstances, and if so specified, the terms of the Notes allow the Company to delay any such payment and/or make payment in U.S. dollars or another specified currency at the prevailing spot rate of exchange, and/or cancel or redeem such Notes, all as provided for in more detail in the Notes (see *Condition 6(i)*). As a result, the value of these Renminbi payments in U.S. dollar terms may vary with the prevailing exchange rates in the marketplace. If the value of the Renminbi depreciates against the U.S. dollar or other foreign currencies, the value of a Renminbi Noteholder's investment in U.S. dollars or other applicable foreign currency terms will decline.

In the event that access to Renminbi becomes restricted to the extent that, by reason of Inconvertibility, Non-transferability, Illiquidity or any other Scheduled Payment Currency Disruption Event (each as defined in the Conditions), the Company is unable, or it is impractical for it, to pay interest or principal in Renminbi, the Conditions allow the Company to make payments in U.S. dollars or other foreign currency at the prevailing spot rate of exchange, all as provided in more detail in the Conditions. As a result, the value of these Renminbi payments may vary with the prevailing exchange rates in the marketplace. If the value of Renminbi depreciates against the U.S. dollar or other foreign currencies, the value of a holder's investment in the U.S. dollar or other foreign currency terms will decline.

4. An investment in Renminbi Notes is subject to interest rate risks.

The PRC government has gradually liberalised the regulation of interest rates in recent years. Further liberalisation may increase interest rate volatility. The Renminbi Notes may carry a fixed interest rate. Consequently, the trading price of such Renminbi Notes will vary with fluctuations in interest rates. If a holder of Renminbi Notes tries to sell any Renminbi Notes before their maturity, they may receive an offer that is less than the amount invested.

5. Payments in respect of the Renminbi Notes will only be made to investors in the manner specified in the Conditions.

Investors may be required to provide certification and other information (including Renminbi account information) in order to be allowed to receive payments in Renminbi in accordance with the Renminbi clearing and settlement system for participating banks in Hong Kong. All Renminbi payments to investors in respect of the Renminbi Notes will be made solely (i) for so long as the Renminbi Notes are represented by a Global Note or a Global Certificate held with the common depositary or common safekeeper, as the case may be, for Euroclear and Clearstream, Luxembourg or any alternative clearing system, by transfer to a Renminbi bank

account maintained in the RMB Settlement Centre(s) (as defined below) in accordance with prevailing Euroclear and/or Clearstream, Luxembourg rules and procedures, or (ii) for so long as the Renminbi Notes are in definitive form, by transfer to a Renminbi bank account maintained in the RMB Settlement Centre(s) in accordance with prevailing rules and regulations. Other than as described in the Conditions, the Company cannot be required to make payment by any other means (including in any other currency or in bank notes, by cheque or draft, or by transfer to a bank account in the PRC).

"**RMB Settlement Centre(s)**" means the financial centre(s) specified as such in the applicable Final Terms or Pricing Supplement in accordance with applicable laws and regulations. If no RMB Settlement Centre is specified in the relevant Final Terms or Pricing Supplement, the RMB Settlement Centre shall be deemed to be Hong Kong.

TERMS AND CONDITIONS OF THE NOTES

Neither the Trust Deed constituting the Notes nor the Terms and Conditions of the Notes will contain any negative pledge covenant by the Company or any events of default other than those set out in Condition 10 below (which do not include, *inter alia*, a cross default provision).

*The following is the text of the Terms and Conditions of the Notes (the "**Conditions**") that, as completed in accordance with the provisions of Part A of the relevant Final Terms or, in the case of PR Exempt Notes, the relevant Pricing Supplement, shall be applicable to the Registered Notes and the Bearer Notes in definitive form (if any) issued in exchange for the Global Note(s) representing each Series. Either (i) the full text of these Conditions together with the relevant provisions of Part A of the relevant Final Terms or Pricing Supplement (as applicable) or (ii) these Conditions as so completed, shall be endorsed on the Bearer Notes or on the Certificates relating to Registered Notes. The relevant Pricing Supplement in relation to any Tranche of PR Exempt Notes may specify other terms and conditions which shall, to the extent so specified or to the extent inconsistent with these Conditions, replace or modify these Conditions for the purposes of the relevant Notes.*

All capitalised terms that are not defined in the Conditions will have the meanings given to them in Part A of the relevant Final Terms or Pricing Supplement. Those definitions will be endorsed on the definitive Notes or Certificates, as the case may be. References in the Conditions to "Notes" are to the Notes of one Series only, not to all Notes that may be issued under the Programme.

The issuer of the Notes is Lloyds Banking Group plc (the "**Company**"). The Notes are constituted by a Trust Deed originally dated 30 March 2017 as amended and restated on 18 May 2020 (as modified and/or supplemented and/or restated as at the date of issue of the first Tranche of the Notes (the "**Issue Date**"), the "**Trust Deed**") between the Company and The Law Debenture Trust Corporation p.l.c. (the "**Trustee**", which expression shall include all persons for the time being the trustee or trustees under the Trust Deed) as trustee for the Noteholders (as defined below). These Conditions include summaries of, and are subject to, the detailed provisions of the Trust Deed, which includes the form of the Bearer Notes, Certificates, Coupons and Talons referred to below. An Agency Agreement originally dated 30 March 2017 and amended and restated on 8 April 2019 (as modified and/or supplemented and/or restated as at the Issue Date, the "**Agency Agreement**") has been entered into in relation to the Notes between the Company, the Trustee, Citibank, N.A., London Branch, as issuing and paying agent and, in respect of CMU Notes (as defined below), Citicorp International Limited and the other agents named in it. The issuing and paying agent in respect of Notes other than CMU Notes, the issuing and paying agent in respect of CMU Notes, the paying agents, the registrar, the transfer agents and the calculation agent(s) for the time being (if any) are referred to below respectively as the "**Issuing and Paying Agent**", the "**CMU Issuing and Paying Agent"**, the **"Paying Agents**" (which expression shall, where the context so permits, include the Issuing and Paying Agent and the CMU Issuing and Paying Agent), the "**Registrar**", the "**Transfer Agents**" (which expression shall, where the context so permits, include the Registrar) and the "**Calculation Agent(s)**" provided that references in these Conditions to the Issuing and Paying Agent shall, in respect of CMU Notes, be construed as references to the CMU Issuing and Paying Agent. Copies of the Trust Deed and the Agency Agreement are available for inspection free of charge during usual business hours at the registered office of the Trustee (being, for the time being, Fifth Floor, 100 Wood Street, London EC2V 7EX) and at the specified offices of the Paying Agents and the Transfer Agents.

The Noteholders, the holders of the interest coupons (the "**Coupons**") relating to interest bearing Notes in bearer form and, where applicable in the case of such Notes, talons for further Coupons (the "**Talons**") (the "**Couponholders**") are entitled to the benefit of, are bound by, and are deemed to have notice of, all the provisions of the Trust Deed and are deemed to have notice of those provisions applicable to them of the Agency Agreement.

For the purpose of these Terms and Conditions of the Notes (the "**Conditions**"), a "**Series**" means a series of Notes comprising one or more Tranches, whether or not issued on the same date, that (except in respect of the first payment of interest and their issue price) have identical terms on issue and are expressed to have the same series number. "**Tranche**" means, in relation to a Series, those Notes of that Series that are issued on the same date at the same issue price and in respect of which the first payment of interest is identical. "**Final Terms**" means, in relation to a Tranche, the final terms or pricing supplement issued specifying the relevant issue details of such Tranche, substantially in the form of Schedule C or Schedule D, respectively, to the Programme Agreement originally dated 30 March 2017 and amended and restated on 18 May 2020 (as modified and/or supplemented and/or restated as at the Issue Date) between the Company, the co-arrangers and the other dealers named therein.

1 Form, Denomination and Title

The Notes are issued in bearer form ("**Bearer Notes**", which expression includes Notes that are specified to be Exchangeable Bearer Notes), in registered form ("**Registered Notes**") or in bearer form exchangeable for Registered Notes ("**Exchangeable Bearer Notes**") in each case in the Specified Denomination(s) specified in the Final Terms.

Where Exchangeable Bearer Notes are issued, the Registered Notes for which they are exchangeable shall have the same Specified Denomination as the lowest denomination of Exchangeable Bearer Notes.

The Notes (i) bear interest calculated by reference to a fixed rate of interest ("**Fixed Rate Notes**"), (ii) bear interest calculated by reference to a fixed rate of interest for an initial period and thereafter by reference to a fixed rate of interest recalculated on one or more dates specified in the Final Terms and by reference to a mid-market swap rate for the Specified Currency or, where the Specified Currency is Sterling, either a Sterling mid-market swap rate or a rate determined by reference to a benchmark gilt ("**Fixed Rate Reset Notes**"), (iii) bear interest by reference to a floating rate of interest ("**Floating Rate Notes**"), (iv) are issued on a non-interest bearing basis ("**Zero Coupon Notes**") or (v) are a combination of two or more of (i) to (iii) of the foregoing, as specified in the Final Terms.

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

Registered Notes are represented by registered certificates ("**Certificates**").

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

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

2 Exchanges of Exchangeable Bearer Notes and Transfers of Registered Notes

(a) Exchange of Exchangeable Bearer Notes

Subject as provided in Condition 2*(f)*, Exchangeable Bearer Notes may be exchanged for the same aggregate nominal amount of Registered Notes at the request in writing of the relevant Noteholder and upon surrender of each Exchangeable Bearer Note to be exchanged, together with all unmatured Coupons and Talons relating to it, at the specified office of any Transfer Agent; provided, however, that where an Exchangeable Bearer Note is surrendered for exchange after the Record Date (as defined in Condition 6*(b)*) for any payment of interest, the Coupon in respect of that payment of interest need not be surrendered with it. Registered Notes may not be exchanged for Bearer Notes. Bearer Notes of one Specified Denomination may not be exchanged for Bearer Notes of another Specified Denomination. Bearer Notes that are not Exchangeable Bearer Notes may not be exchanged for Registered Notes.

(b) Transfer of Registered Notes

One or more Registered Notes may be transferred upon the surrender (at the specified office of the Registrar or any Transfer Agent) of the Certificate representing such Registered Notes to be transferred, together with the form of transfer endorsed on such Certificate duly completed and executed and such other evidence as the Registrar or Transfer Agent may reasonably require to prove the title of the transferor. 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. All transfers of Notes and entries on the Register will be made subject to the detailed regulations concerning transfers of Notes scheduled to the Agency Agreement. The regulations may be changed by the Company, with the prior written approval of the Registrar and the Trustee. A copy of the current regulations will be made available by the Registrar to any Noteholder upon request.

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

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

(d) Delivery of New Certificates

Each new Certificate to be issued pursuant to Condition 2*(a)*, *(b)* or *(c)* shall be available for delivery within three business days of receipt of the request for exchange, form of transfer or Exercise Notice (as defined in Condition 5*(g)*) or surrender of the Certificate for exchange. Delivery of the new Certificate(s) shall be made at the specified office of the Transfer Agent or of the Registrar (as the case may be) to whom delivery or surrender of such request for exchange, form of transfer, Exercise Notice or Certificate shall have been made or, at the option of the holder making such delivery or surrender as aforesaid and as specified in the relevant request for exchange, form of transfer, Exercise Notice or otherwise in writing, be mailed by uninsured post at the risk of the holder entitled to the new Certificate to such address as may be so specified, unless such holder requests otherwise and pays in advance to the relevant Agent the costs of such other method of delivery and/or such insurance as it may specify. In this

Condition 2*(d)*, "**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).

(e) 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 Company, 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).

(f) Closed Periods

No Noteholder may require the transfer of a Registered Note to be registered or an Exchangeable Bearer Note to be exchanged for one or more Registered Note(s) (i) during the period of 15 days ending on the due date for redemption of that Note, (ii) during the period of 15 days prior to any date on which Notes may be called for redemption by the Company at its option pursuant to Condition 5(*f*), (iii) after any such Note has been called for redemption or (iv) during the period of seven days ending on (and including) any Record Date. An Exchangeable Bearer Note called for redemption may, however, be exchanged for one or more Registered Note(s) in respect of which the Certificate is simultaneously surrendered not later than the relevant Record Date.

3 Status

(a) No Set-off, Compensation or Retention

Subject to applicable law, no Noteholder or Couponholder in respect of the Dated Subordinated Notes may exercise or claim any right of set-off, compensation or retention in respect of any amount owed to it by the Company arising under or in connection with the Dated Subordinated Notes or the relative Coupons and each Noteholder and Couponholder in respect of the Dated Subordinated Notes shall, by virtue of being the holder of any Dated Subordinated Note or Coupon, be deemed to have waived all such rights of set-off, compensation and retention, both before and during any winding-up, liquidation or administration of the Company. Notwithstanding the provisions of the foregoing sentence, if any of the said rights and claims of any Noteholder or Couponholder in respect of the Dated Subordinated Notes against the Company is discharged by set-off, compensation or retention, such Noteholder or Couponholder in respect of the Dated Subordinated Notes will immediately pay an amount equal to the amount of such discharge to the Company or, in the event of winding-up or administration of the Company, the liquidator or, as applicable, the administrator of the Company and accordingly such discharge will be deemed not to have taken place.

Unless Senior Notes Waiver of Set-off is specified in the Final Terms in respect of Senior Notes as being not applicable, the previous paragraph shall apply to the Senior Notes, the relative Coupons and each Noteholder and Couponholder in respect of such Senior Notes *mutatis mutandis* and as if references in that paragraph to Dated Subordinated Notes were references to such Senior Notes.

(b) Status of Senior Notes

Subject to such exceptions as may be provided by mandatory provisions of applicable law, the Senior Notes (being any Series of Notes the Final Terms in respect of which specify their status as Senior) and the Coupons relating to them constitute unsecured, unguaranteed and unsubordinated obligations of the Company and rank *pari passu* without any preference among themselves and at least *pari passu* with all other present and future unsecured and unsubordinated obligations of the Company.

(c) *Status of Dated Subordinated Notes*

The Dated Subordinated Notes (being any Series of Notes the Final Terms in respect of which specify their status as Dated Subordinated) and the Coupons relating to them constitute unsecured and unguaranteed obligations of the Company and rank *pari passu* without any preference among themselves. The claims of the Trustee, the Noteholders and the Couponholders in respect of the Dated Subordinated Notes and the Coupons relating to them are subordinated in the manner provided below.

In the event of:

(i) an order being made, or an effective resolution being passed, for the winding-up of the Company (except, in any such case, a solvent winding-up solely for the purposes of a reorganisation, reconstruction or amalgamation of the Company or the substitution in place of the Company of a successor in business (as defined in the Trust Deed) of the Company, the terms of which reorganisation, reconstruction, amalgamation or substitution (x) have previously been approved in writing by the Trustee or by an Extraordinary Resolution and (y) do not provide that the Dated Subordinated Notes shall thereby become redeemable or repayable in accordance with these Conditions); or

(ii) an administrator of the Company being appointed and such administrator declaring, or giving notice that it intends to declare and distribute, a dividend,

the rights and claims of the holders of the Dated Subordinated Notes and the Couponholders against the Company in respect of or arising under the Dated Subordinated Notes, the Coupons relating to them and the Trust Deed shall be for an amount equal to the principal amount of, and any applicable premium on, the relevant Dated Subordinated Notes (in the case of the relevant Noteholders) together with any accrued but unpaid interest thereon (in the case of the relevant Noteholders or Couponholders), provided however that such rights and claims will be subordinated, in the manner provided in this Condition 3*(c)* and in the Trust Deed, to the claims of all Senior Creditors of the Company but shall rank (a) at least *pari passu* with the claims of holders of all obligations of the Company which constitute, or would but for any applicable limitation on the amount of such capital constitute, Tier 2 Capital of the Company and in priority to (1) the claims of holders of all obligations of the Company which constitute Tier 1 Capital of the Company, (2) the claims of holders of all undated or perpetual subordinated obligations of the Company and (3) the claims of holders of all share capital of the Company.

The provisions of this Condition 3*(c)* apply only to the principal, premium and interest and any other amounts payable in respect of the Dated Subordinated Notes and the Coupons relating to them and nothing in this Condition 3*(c)* shall affect or prejudice the payment of the costs, charges, expenses, liabilities or remuneration of the Trustee or the rights and remedies of the Trustee in respect thereof.

Dated Subordinated Notes have no provisions for the deferral of payments.

For the purposes of these Conditions:

"**Senior Creditors**" means in respect of the Company (a) creditors of the Company whose claims are admitted to proof in the winding-up or administration of the Company and who are unsubordinated creditors of the Company and (b) creditors of the Company whose claims are or are expressed to be subordinated to the claims of other creditors of the Company (other than those whose claims relate to obligations which constitute, or would, but for any applicable limitation on the amount of such capital, constitute Tier 1 Capital or Tier 2 Capital of the Company, or whose claims rank or are expressed to rank *pari passu* with, or junior to, the claims of holders of the Dated Subordinated Notes).

"**Tier 1 Capital**" has the meaning given to it by the Relevant Regulator from time to time.

"**Tier 2 Capital**" has the meaning given to it by the Relevant Regulator from time to time.

4 Interest and other Calculations

(a) Interest on Fixed Rate Notes

Each Fixed Rate Note bears interest on its outstanding nominal amount from and including the Interest Commencement Date at the rate per annum (expressed as a percentage) equal to the Rate of Interest, such interest being payable, subject as provided herein, in arrear on each Interest Payment Date. The amount of interest payable shall be determined in accordance with this Condition 4.

(b) Interest on Fixed Rate Reset Notes

Each Fixed Rate Reset Note bears interest on its outstanding nominal amount:

(i) from and including the Interest Commencement Date up to but excluding the First Reset Date at the Initial Rate of Interest;

(ii) in the First Reset Period, at the First Reset Rate of Interest; and

(iii) for each Subsequent Reset Period thereafter (if any), at the relevant Subsequent Reset Rate of Interest,

payable, subject as provided herein, in arrear on each Interest Payment Date. The amount of interest payable shall be determined in accordance with this Condition 4.

Save as otherwise provided herein, the provisions applicable to Fixed Rate Notes shall apply to Fixed Rate Reset Notes.

In these Conditions:

"**Anniversary Date(s)**" means each date specified as such in the Final Terms;

"**Benchmark Determination Agent**" means an independent financial institution of international repute or other independent financial adviser experienced in the international capital markets, in each case appointed by the Company at its own expense or as specified in the Final Terms;

"**Benchmark Gilt**" means, in respect of a Reset Period, such United Kingdom government security having a maturity date on or about the last day of such Reset Period as the Company and the Benchmark Determination Agent, with the advice of the Reset Reference Banks, may determine to be appropriate;

"**Benchmark Gilt Rate**" means, in respect of a Reset Period, the gross redemption yield (as calculated by the Benchmark Determination Agent in consultation with the Company in accordance with generally accepted market practice at such time) on a semi-annual compounding basis (converted to an annualised yield and rounded up (if necessary) to four decimal places) of the Benchmark Gilt in respect of that Reset Period, with the price of the Benchmark Gilt for this purpose being the arithmetic average (rounded up (if necessary) to the nearest 0.001 per cent. (0.0005 per cent. being rounded upwards)) of the bid and offered prices of such Benchmark Gilt quoted by the Reset Reference Banks at 3.00 p.m. (London time) on the relevant Reset Determination Date on a dealing basis for settlement on the next following dealing day in London. If at least four quotations are provided, the Benchmark Gilt 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 Benchmark Gilt Rate will be the rounded arithmetic mean of the quotations provided. If only one quotation is provided, the Benchmark Gilt Rate will be the rounded quotation provided. If no quotations are provided, the Benchmark Gilt Rate will be (i) in the case of each

Reset Period other than the First Reset Period, the Benchmark Gilt Rate in respect of the immediately preceding Reset Period or (ii) in the case of the First Reset Period, as set out in the Final Terms as the "First Reset Period Fallback";

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

"**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(519) 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 the United States Treasury Securities at "constant maturity" for the CMT Designated Maturity as published in the H.15(519) 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 Reset Reference Bank Rate on such Reset Determination Date;

"**CMT Rate Screen Page**" has the meaning given to it in the relevant 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(519);

"**dealing day**" means a day, other than a Saturday or Sunday, on which the London Stock Exchange (or such other stock exchange on which the Benchmark Gilt is at the relevant time listed) is ordinarily open for the trading of securities;

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

"**First Reset Period**" means the period from and including the First Reset Date up to but excluding the Second Reset Date or, if no such Second Reset Date is specified in the Final Terms, the date fixed for redemption of the Notes (if any);

"**First Reset Rate of Interest**" means the rate of interest as determined by the Calculation Agent or the Company and the Benchmark Determination Agent (as applicable) on the Reset Determination Date corresponding to the First Reset Period as the sum of the relevant Reset Rate plus the relevant Margin;

"**H.15(519)**" means the weekly statistical release designated as H.15(519), or any successor publication, published by the board of governors of the Federal Reserve System at http://www.federalreserve.gov/releases/H15 or any successor site or publication;

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

"**Margin**" means the margin (expressed as a percentage) in relation to the relevant Reset Period specified as such in the Final Terms;

"**Mid-Swap Quotations**" means the arithmetic mean of the bid and offered rates:

(i) if the Specified Currency is Sterling, for a semi-annual fixed leg (calculated on an Actual/365 day count basis) of a fixed for floating interest rate swap transaction in Sterling which (i) has a

term commencing on the relevant Reset Date which is equal to that of the relevant Swap Rate Period; (ii) is in an amount that is representative of a single transaction in the relevant market at the relevant time with an acknowledged dealer of good credit in the relevant swap market; and (iii) has a floating leg based on (subject as otherwise provided pursuant to Condition 4(*j*)) (A) the relevant rate as specified in the Final Terms or (B) if no such rate is specified, the 6-month LIBOR rate (calculated on an Actual/365 day count basis);

(ii) if the Specified Currency is euro, for the annual fixed leg (calculated on a 30/360 day count basis) of a fixed for floating interest rate swap transaction in euro which (i) has a term commencing on the relevant Reset Date which is equal to that of the relevant Swap Rate Period; (ii) is in an amount that is representative of a single transaction in the relevant market at the relevant time with an acknowledged dealer of good credit in the relevant swap market; and (iii) has a floating leg based on (subject as otherwise provided pursuant to Condition 4(*j*)) (A) the relevant rate as specified in the Final Terms or (B) if no such rate is specified, the 6-month EURIBOR rate (calculated on an Actual/360 day count basis);

(iii) if the Specified Currency is US dollars, for the semi-annual fixed leg (calculated on a 30/360 day count basis) of a fixed for floating interest rate swap transaction in US dollars which (i) has a term commencing on the relevant Reset Date which is equal to that of the relevant Swap Rate Period; (ii) is in an amount that is representative of a single transaction in the relevant market at the relevant time with an acknowledged dealer of good credit in the relevant swap market; and (iii) has a floating leg based on (subject as otherwise provided pursuant to Condition 4(*j*)) (A) the relevant rate as specified in the Final Terms or (B) if no such rate is specified, the 3-month LIBOR rate (calculated on an Actual/360 day count basis);

(iv) if the Specified Currency is Renminbi, for the semi-annual fixed leg (calculated on an Actual/365 day count basis) of a fixed for floating interest rate swap transaction in Renminbi which (i) has a term commencing on the relevant Reset Date which is equal to that of the relevant Swap Rate Period; (ii) is in an amount that is representative of a single transaction in the relevant market at the relevant time with an acknowledged dealer of good credit in the relevant swap market; and (iii) has a floating leg based on (subject as otherwise provided pursuant to Condition 4(j)) (A) the relevant rate as specified in the Final Terms or (B) if no such rate is specified, the 12-month CNH HIBOR rate (calculated on an Actual/365 day count basis); and

(v) if the Specified Currency is not Sterling, euro, US dollars or Renminbi, for the Fixed Leg (as set out in the Final Terms) of a fixed for floating interest rate swap transaction in that Specified Currency which (i) has a term commencing on the relevant Reset Date which is equal to that of the relevant Swap Rate Period; (ii) is in an amount that is representative of a single transaction in the relevant market at the relevant time with an acknowledged dealer of good credit in the relevant swap market; and (iii) has a Floating Leg (as set out in the Final Terms, and subject as otherwise provided pursuant to Condition 4(*j*));

"**Mid-Swap Rate**" means in respect of a Reset Period, (i) the applicable semi-annual or annualised (as specified in the applicable Final Terms) mid-swap rate for swap transactions in the Specified Currency (with a maturity equal to that of the relevant Swap Rate Period specified in the Final Terms) as displayed on the Screen Page at 11.00 a.m. (in the principal financial centre of the Specified Currency) on the relevant Reset Determination Date (which rate, if the relevant Interest Payment Dates are other than semi-annual or annual Interest Payment Dates, shall be adjusted by, and in the manner determined by, the Calculation Agent) or (ii) if such rate is not displayed on the Screen Page at such time and date (other than in the circumstances provided for in Condition 4*(j)*), the relevant Reset Reference Bank Rate;

"**Reset Determination Date**" means, in respect of a Reset Period, (a) each date specified as such in the Final Terms or, if none is so specified, (b) (i) if the Specified Currency is Sterling or Renminbi, the first Business Day of such Reset Period, (ii) if the Specified Currency is euro, the day falling two TARGET Business Days prior to the first day of such Reset Period, (iii) if the Specified Currency is US dollars, the day falling two U.S. Government Securities Business Days prior to the first day of such Reset Period (iv) for any other Specified Currency, the day falling two Business Days in the principal financial centre for such Specified Currency prior to the first day of such Reset Period;

"**Reset Date**" means each of the First Reset Date, the Second Reset Date and each of the Anniversary Dates (if any) as is specified in the Final Terms;

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

"**Reset Rate**" means (a) if 'Mid-Swap Rate' is specified in the Final Terms, the relevant Mid-Swap Rate, (b) if 'Benchmark Gilt Rate' is specified in the Final Terms, the relevant Benchmark Gilt Rate or (c) if "CMT Rate" is specified in the Final Terms, the relevant CMT Rate;

"**Reset Reference Bank Rate**" means the percentage rate determined by the Calculation Agent on the basis of (a) if "Mid-Swap Rate" is specified in the Final Terms, the Mid-Swap Quotations provided by the Reset Reference Banks to the Calculation Agent at or around 11:00 a.m. in the principal financial centre of the Specified Currency (which in the case of Renminbi shall, for these purposes, be Hong Kong) on the relevant Reset Determination Date or (b) if "CMT Rate" is specified in the Final Terms, the Reset United States Treasury Securities Quotations provided by the 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 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 Reset Reference Bank Rate will be the rounded arithmetic mean of the quotations provided. If only one quotation is provided, the Reset Reference Bank Rate will be the rounded quotation provided. If no quotations are provided, the Reset Reference Bank Rate will be (i) in the case of each Reset Period other than the First Reset Period, the relevant Mid-Swap Rate or CMT Rate (as applicable) but calculated as at the last available date preceding the relevant Reset Determination Date on which such a rate was published or (ii) in the case of the First Reset Period, an amount as set out in the Final Terms as the "First Reset Period Fallback";

"**Reset Reference Banks**" means (i) in the case of the calculation of a Reset Reference Bank Rate where "Mid-Swap Rate" is specified in the Final Terms, five leading swap dealers in the principal interbank market relating to the Specified Currency selected by the Company in its discretion, (ii) in the case of the calculation of a Reset Reference Bank Rate where "CMT Rate" is specified in the Final Terms, 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 Company in its discretion or (iii) in the case of a Benchmark Gilt Rate, five brokers of gilts and/or gilt-edged market makers selected by the Company in its discretion;

"**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 Reset Reference Bank as being a yield-to-maturity based on the secondary market bid price of such Reset Reference Bank for Reset United States Treasury Securities at approximately 4:30 p.m. (New York City time) on such Reset Determination Date;

"**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;

"**Screen Page**" means Reuters screen page "ICESWAP 1", "ICESWAP 2", ICESWAP 3", "ICESWAP 4", "ICESWAP 5" or "ICESWAP 6" as specified in the Final Terms or such other page on Thomson Reuters as is specified in the Final Terms, or such other screen page as may replace it on Thomson Reuters or, as the case may be, on such other information service that may replace Thomson Reuters, in each case, as may be nominated by the person providing or sponsoring the information appearing there for the purpose of displaying comparable rates;

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

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

"**Subsequent Reset Rate of Interest**" means, in respect of any Subsequent Reset Period, the rate of interest determined by the Calculation Agent or the Company and the Benchmark Determination Agent (as applicable) on the Reset Determination Date corresponding to such Subsequent Reset Period as the sum of the relevant Reset Rate plus the relevant Margin;

"**Swap Rate Period**" means the period or periods specified as such in the Final Terms;

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

(c) Interest on Floating Rate Notes

(i) Interest Payment Dates

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

(ii) Rate of Interest for Floating Rate Notes

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

(A) ISDA Determination for Floating Rate Notes

Where ISDA Determination is specified in the Final Terms as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Accrual Period shall be determined by the Calculation Agent as a rate equal to the relevant ISDA Rate plus or minus (as indicated in the Final Terms) the Margin (if any). For the purposes of this sub-paragraph (A), "**ISDA Rate**" for an Interest Accrual Period means a rate equal to the Floating Rate that would be determined by the Calculation Agent under a Swap Transaction under the terms of an agreement incorporating the ISDA Definitions and under which:

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

(y) the Designated Maturity is a period specified in the Final Terms; and

(z) the relevant Reset Date is the first day of that Interest Accrual Period (unless otherwise specified in the Final Terms),

provided that, if no Rate of Interest can be determined in accordance with the foregoing provisions of this paragraph, the Rate of Interest shall be determined by the Calculation Agent in its sole and absolute discretion (though applying the Margin, Maximum Rate of Interest and/or Minimum Rate of Interest, if any, relating to the Interest Accrual Period), failing which the Rate of Interest shall be (i) that determined as at the last preceding Interest Determination Date (though substituting, where a different Margin or Maximum Rate of Interest or Minimum Rate of Interest is to be applied to the relevant Interest Accrual Period from that which applied to the last preceding Interest Accrual Period, the Margin or Maximum Rate of Interest or Minimum Rate of Interest relating to the relevant Interest Accrual Period, in place of the Margin or Maximum Rate of Interest or Minimum Rate of Interest relating to that last preceding Interest Accrual Period) or (ii) if there is no such preceding Interest Determination Date, the initial Rate of Interest applicable to such Notes on the Interest Commencement Date (though substituting, where a different Maximum Rate of Interest 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 Maximum Rate of Interest or Minimum Rate of Interest relating to the relevant Interest Accrual Period, in place of the Maximum Rate of Interest or Minimum Rate of Interest relating to that last preceding Interest Accrual Period).

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

(B) Screen Rate Determination for Floating Rate Notes

(I) If "Applicable – Term Rate" is specified as the method of Screen Rate Determination in the applicable Final Terms:

(i) the Rate of Interest for each Interest Accrual Period will, subject as provided below and subject to Condition 4*(j)*, be either:

(A) the offered quotation; or

(B) the arithmetic mean of the offered quotations,

(expressed as a percentage rate per annum) for the Reference Rate which appears or appear, as the case may be, on the Relevant Screen Page as at the Relevant Time on the Interest Determination Date in question as determined by the Calculation Agent plus or minus (as indicated in the Final Terms) the applicable Margin (if any). If five or more of such offered quotations are available on the Relevant Screen Page, the highest (or, if there is more than one such highest quotation, one only of such quotations) and the lowest (or, if there is more than one such lowest quotation, one only of such quotations) shall be disregarded by the Calculation Agent for the purpose of determining the arithmetic mean of such offered quotations.

(ii) If the Relevant Screen Page is not available or if sub-paragraph (i)(A) above applies and no such offered quotation appears on the Relevant Screen Page or if sub-paragraph (i)(B) above applies and fewer than three such offered quotations appear on the Relevant Screen Page in each case as at the time specified above, subject as provided below, the Calculation Agent shall request, if the Reference Rate is LIBOR, the principal London office of each of the Reference Banks or, if the Reference Rate is EURIBOR, the principal Eurozone office of each of the Reference Banks or, if the Reference Rate is BBSW, the principal Sydney office of the five financial institutions authorised to quote on the Reuters Screen BBSW Page or, if the Reference Rate is CDOR, the principal Toronto office of each of the Reference Banks or, if the Reference Rate is NIBOR, the principal Oslo office of four major banks in the Oslo inter-bank market, to provide the Calculation Agent with its offered quotation (expressed as a percentage rate per annum) for the Reference Rate at the Relevant Time on the Interest Determination Date in question. If two or more of the Reference Banks provide the Calculation Agent with such offered quotations, the Rate of Interest for such Interest Accrual Period shall be the arithmetic mean of such offered quotations, plus or minus (as indicated in the applicable Final Terms) the applicable Margin (if any), all as determined by the Calculation Agent.

(iii) If, where paragraph (ii) above applies, the Calculation Agent determines that fewer than two Reference Banks are providing offered quotations, subject as provided below, the Rate of Interest shall be the sum of (A) the applicable Margin (if any) (which may be positive or negative, as indicated in the applicable Final Terms) and (B) the arithmetic mean of the rates per annum (expressed as a percentage) as communicated to (and at the request of) the Calculation Agent by the Reference Banks or any two or more of them, at which such banks were offered at the Relevant Time on the relevant Interest Determination Date, deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate by leading banks in, if the Reference Rate is LIBOR, the London inter-bank market or, if the Reference Rate is EURIBOR, the Eurozone inter-bank market or, if the Reference Rate is BBSW, the Sydney inter-bank market or, if the Reference Rate is CDOR, the Toronto inter-bank market or, if the Reference Rate is

NIBOR, the Oslo inter-bank market, as the case may be, or, if fewer than two of the Reference Banks provide the Calculation Agent with such offered rates, the offered rate for deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate, or the arithmetic mean of the offered rates for deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate, at which at the Relevant Time on the relevant Interest Determination Date, any one or more banks (which bank or banks is or are in the opinion of the Company suitable for such purpose) informs the Calculation Agent it is quoting to leading banks in, if the Reference Rate is LIBOR, the London inter-bank market or, if the Reference Rate is EURIBOR, the Eurozone inter-bank market or, if the Reference Rate is BBSW, the Sydney inter-bank market or, if the Reference Rate is CDOR, the Toronto inter-bank market or, if the Reference Rate is NIBOR, the Oslo inter-bank market, as the case may be, provided that, if the Rate of Interest cannot be determined in accordance with the foregoing provisions of this paragraph (iii), the Rate of Interest shall be (i) that determined as at the last preceding Interest Determination Date (though substituting, where a different Margin or Maximum Rate of Interest or Minimum Rate of Interest is to be applied to the relevant Interest Accrual Period from that which applied to the last preceding Interest Accrual Period, the Margin or Maximum Rate of Interest or Minimum Rate of Interest relating to the relevant Interest Accrual Period, in place of the Margin or Maximum Rate of Interest or Minimum Rate of Interest relating to that last preceding Interest Accrual Period) or (ii) if there is no such preceding Interest Determination Date, the initial Rate of Interest applicable to such Notes on the Interest Commencement Date (though substituting, where a different Maximum Rate of Interest 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 Maximum Rate of Interest or Minimum Rate of Interest relating to the relevant Interest Accrual Period, in place of the Maximum Rate of Interest or Minimum Rate of Interest relating to that last preceding Interest Accrual Period).

(II) If "Applicable – Overnight Rate" is specified as the method of Screen Rate Determination in the applicable Final Terms:

(i) where the Calculation Method in respect of the relevant Series of Floating Rate Notes is specified in the applicable Final Terms as being "Compounded Daily", the Rate of Interest for each Interest Accrual Period will, subject to Condition 4(*j*) and as provided below, be the Compounded Daily Reference Rate plus or minus (as indicated in the applicable Final Terms) the Margin (if any), where:

"**Compounded Daily Reference Rate**" means, with respect to an Interest Accrual Period, the rate of return of a daily compound interest investment in the Specified Currency (with the applicable Reference Rate (as indicated in the applicable Final Terms and further provided for below) as the reference rate for the calculation of interest) and will be calculated by the Calculation Agent (or such other party responsible for the calculation of the Rate of Interest, as specified in the applicable Final Terms) on the Interest

Determination Date (i) as further specified in the applicable Final Terms; (ii) (if "Index Determination" is specified as being applicable in the applicable Final Terms) by reference to the screen rate or index administered by the administrator of the applicable Reference Rate that is published or displayed by such administrator or other information service from time to time at the relevant time on the Interest Determination Date, as further specified in the applicable Final Terms; or (iii) (if "Index Determination" is specified as being not applicable in the applicable Final Terms or "Index Determination" is specified as being applicable in the applicable Final Terms but such screen rate or index is not available at the relevant time on the Interest Determination Date), as follows, and the resulting percentage will be rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards:

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

where:

"**D**" is the number specified in the applicable Final Terms;

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

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

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

"**d_o**" means:

a. where "Lag" or "Lock-out" is specified as the Observation Method in the applicable Final Terms, the number of Business Days in the relevant Interest Accrual Period; or

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

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

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

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

"**Business Day**" or "**BD**", in this Condition 4(*c*)(*ii*)(B)(II) has the meaning set out in Condition 4(*k*), save that where "SOFR" is specified as the Reference Rate, it means a U.S. Government Securities Business Day;

"$\mathbf{n}_i$", for any Business Day "i", means the number of calendar days from and including such Business Day "i" up to but excluding the following Business Day;

"**Observation Period**" means, in respect of an Interest Accrual Period, the period from and including the date falling "p" Business Days prior to the first day of the relevant Interest Accrual Period and ending on, but excluding, the date which is "p" Business Days prior to the Interest Period Date for such Interest Accrual Period (or the date falling "p" Business Days prior to such earlier date, if any, on which the Notes become due and payable);

"**p**" means:

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

b. where "Observation Shift" is specified as the Observation Method in the applicable Final Terms, the number of Business Days specified as the Observation Shift Period in the applicable Final Terms (or, if no such number is specified, five Business Days);

"**r**" means in respect of the relevant Reference Rate:

a. where in the applicable Final Terms "Lag" or "Observation Shift" is specified as the Observation Method, in respect of any Business Day, the relevant Reference Rate in respect of such Business Day;

b. where in the applicable Final Terms "Lock-out" is specified as the Observation Method:

1. in respect of any Business Day "i" that is a Reference Day, the relevant Reference Rate in respect of the Business Day immediately preceding such Reference Day, and

2. in respect of any Business Day "i" that is not a Reference Day (being a Business Day in the Lock-out Period), the relevant Reference Rate in respect of the Business Day immediately preceding the last Reference Day of the relevant Interest Accrual Period (such last Reference Day coinciding with the Interest Determination Date); and

"**r_i**" means the applicable Reference Rate as set out in the definition of "r" above for:

a. where "Lag" is specified as the Observation Method in the applicable Final Terms, the Business Day falling "p" Business Days prior to the relevant Business Day "i"; or

b. where "Lock-out" or "Observation Shift" is specified as the Observation Method in the applicable Final Terms, the relevant Business Day "i".

(ii) where the Calculation Method in respect of the relevant Series of Floating Rate Notes is specified in the applicable Final Terms as being "Weighted Average", the Rate of Interest for each Interest Accrual Period will, subject to Condition 4(*j*) and as provided below, be the Weighted Average Reference Rate (as defined below) plus or minus (as indicated in the applicable Final Terms) the Margin and will be calculated by the Calculation Agent (or such other party responsible for the calculation of the Rate of Interest, as specified in the applicable Final Terms) on the Interest Determination Date and the resulting percentage will be rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards, where:

"**Weighted Average Reference Rate**" means:

a. where "Lag" is specified as the Observation Method in the applicable Final Terms, the arithmetic mean of the Reference Rate in effect for each calendar day during the relevant Observation Period, calculated by multiplying each relevant Reference Rate 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 Reference Rate in effect for any calendar day which is not a Business Day shall be deemed to be the Reference Rate in effect for the 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 Reference Rate in effect for each calendar day during the relevant Interest Accrual Period, calculated by multiplying each relevant Reference Rate 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 Reference Rate for each day during that Lock-out Period will be deemed to be the Reference Rate in effect for the Reference Day immediately preceding the first day of such Lock-out Period. For these purposes the Reference Rate in effect for any calendar day which is not a Business Day shall, subject to the proviso above, be deemed to be the Reference Rate in effect for the Business Day immediately preceding such calendar day.

(iii) subject to Condition 4(*j*), where "SONIA" is specified as the relevant Reference Rate in the applicable Final Terms, if, in respect of any Business Day, SONIA is not available on the Relevant Screen Page or has not otherwise been published by the relevant authorised distributors, such Reference Rate shall be:

1. (i) the Bank of England's Bank Rate (the "**Bank Rate**") prevailing at close of business on the relevant Business Day; plus (ii) the mean of the spread of SONIA to the Bank Rate over the previous five days on which SONIA 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) to the Bank Rate, or

2. if such Bank Rate is not available, the SONIA rate published on the Relevant Screen Page (or otherwise published by the relevant authorised distributors) for the first preceding Business Day on which the SONIA rate was published on the Relevant Screen Page (or otherwise published by the relevant authorised distributors),

and in each case, "r" shall be interpreted accordingly.

(iv) subject to Condition 4(*j*), where "SOFR" is specified as the relevant Reference Rate in the applicable Final Terms, if, in respect of any Business Day, the Reference Rate is not available, such Reference Rate shall be the SOFR for the first preceding Business Day on which the SOFR was published on the New York Fed's Website, and "r" shall be interpreted accordingly.

(v) subject to Condition 4(*j*), where "€STR" is specified as the relevant Reference Rate in the applicable Final Terms, if, in respect of any Business Day, the Reference Rate is not available, such Reference Rate shall be the €STR for the first preceding Business Day on which €STR was published by the European Central Bank on its website, and "r" shall be interpreted accordingly.

(vi) In the event that the Rate of Interest cannot be determined in accordance with the foregoing provisions, but without prejudice to Condition 4(*j*), the Rate of Interest shall be (i) that determined as at the last preceding Interest Determination Date (though substituting, where a different Margin or Maximum Rate of Interest or Minimum Rate of Interest is to be applied to the relevant Interest Accrual Period from that which applied to the last preceding Interest Accrual Period, the Margin or Maximum Rate of Interest or Minimum Rate of Interest relating to the relevant Interest Accrual Period, in place of the Margin or Maximum Rate of Interest or Minimum Rate of Interest relating to that last preceding Interest Accrual Period) or (ii) if there is no such preceding Interest Determination Date, the Initial Rate of Interest which would have been applicable to such Series of Notes for the first Interest Accrual Period had the Notes been in issue for a period equal in duration to the scheduled first Interest Accrual Period but ending on (and excluding) the

Interest Commencement Date (but applying the Margin and any Maximum Rate of Interest or Minimum Rate of Interest applicable to the first Interest Accrual Period).

If the relevant Series of Notes become due and payable in accordance with Condition 10, the final Interest Determination Date shall, notwithstanding any Interest Determination Date specified in the applicable Final Terms, be deemed to be the date on which such Notes became due and payable and the Rate of Interest on such Notes shall, for so long as any such Note remains outstanding, be that determined on such date and as if (solely for the purpose of such interest determination) the relevant Interest Period had been shortened accordingly.

(C) Linear Interpolation

Where Linear Interpolation is specified in the Final Terms as applicable in respect of an Interest Accrual Period, the Rate of Interest for such Interest Accrual Period shall be calculated by the Calculation Agent by straight line linear interpolation by reference to two rates based on the relevant Reference Rate (where Screen Rate Determination is specified in the Final Terms as applicable) or the relevant Floating Rate Option (where ISDA Determination is specified in the Final Terms as applicable), one of which shall be determined as if the Applicable Maturity were the period of time for which rates are available next shorter than the length of the relevant Interest Accrual Period and the other of which shall be determined as if the Applicable Maturity were the period of time for which rates are available next longer than the length of the relevant Interest Accrual Period provided however that if there is no rate available for the period of time next shorter or, as the case may be, next longer, then the Calculation Agent shall determine such rate at such time and by reference to such sources as it determines appropriate.

"**Applicable Maturity**" means (a) in relation to Screen Rate Determination, the period of time designated in the Reference Rate and (b) in relation to ISDA Determination, the Designated Maturity.

(d) Zero Coupon Notes

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

(e) Accrual of Interest

Interest (if any) shall cease to accrue on each Note (or in the case of the redemption of part only of a Note, that part only of such Note) on the due date for redemption thereof unless (upon due presentation thereof where presentation is required), payment of principal is improperly withheld or refused or unless default is otherwise made in respect of payment, in which event, interest shall continue to accrue or, in the case of Zero Coupon Notes, shall accrue (in each case, both before and after judgment) at the Rate of Interest in the manner provided in this Condition 4 to (but excluding) the Relevant Date (as defined in Condition 8).

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

(i) If any Margin is specified in the Final Terms (either (A) generally, (B) in relation to one or more Interest Accrual Periods or (C) in relation to one or more Reset Periods), an adjustment shall, unless the relevant Margin has already been taken into account in determining such Rate of Interest, be made to all Rates of Interest, in the case of (A), or the Rates of Interest for the specified Interest Accrual Periods or Reset Periods, in the case of (B) or (C), calculated, in each case, in accordance with this Condition 4 by adding (if a positive number) or subtracting (if a negative number) the absolute value of such Margin subject always (in the case of Floating Rate Notes only) to the next paragraph.

(ii) If any Maximum Rate of Interest or Minimum Rate of Interest or Redemption Amount is specified in the Final Terms, then any Rate of Interest or Redemption Amount shall be subject to such maximum or minimum, as the case may be. Further, unless otherwise stated in the Final Terms, the Minimum Rate of Interest shall be deemed to be zero.

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

(g) Calculations

The amount of interest payable per Calculation Amount in respect of any Note for any Interest Accrual Period shall be equal to the product of the Rate of Interest, the Calculation Amount specified in the Final Terms and the Day Count Fraction for such Interest Accrual Period, unless an Interest Amount (or a formula for its calculation) is applicable to such Interest Accrual Period, in which case the amount of interest payable per Calculation Amount in respect of such Note for such Interest Accrual Period shall equal such Interest Amount (or be calculated in accordance with such formula). Where any Interest Period comprises two or more Interest Accrual Periods, the amount of interest payable per Calculation Amount in respect of such Interest Period shall be the sum of the Interest Amounts payable in respect of each of those Interest Accrual Periods. In respect of any other period for which interest is required to be calculated, the provisions above shall apply save that the Day Count Fraction shall be applied to the period for which interest is required to be calculated.

(h) Determination and Publication of Rates of Interest, Interest Amounts, Final Redemption Amounts, Early Redemption Amounts and Optional Redemption Amounts

The Calculation Agent shall as soon as practicable on each Interest Determination Date, Reset Determination Date or such other time on such date as the Calculation Agent may be required to calculate any rate or amount, obtain any quotation or make any determination or calculation, determine such rate and calculate the Interest Amounts for the relevant Interest Accrual Period (or, if determining the First Reset Rate of Interest or a Subsequent Reset Rate of Interest in respect of Fixed Rate Reset Notes, the Interest Amount for each Interest Accrual Period falling within the relevant Reset Period) calculate the Final Redemption Amount(s), Early Redemption Amount or Optional Redemption Amount, obtain such quotation or make such determination or calculation, as the case may be, and cause the Rate of Interest and the Interest Amounts for each Interest Accrual Period and the relevant Interest Payment Date and, if required to be calculated, the Final Redemption Amount(s), Early Redemption Amount or Optional

Redemption Amount to be notified to the Trustee, the Company, each of the Paying Agents, the Registrar, the Noteholders, any other Calculation Agent appointed in respect of the Notes that is to make a further calculation upon receipt of such information and, if the Notes are listed on a stock exchange or admitted to listing by another relevant authority and the rules of such exchange or other relevant authority so require, such exchange or other relevant authority as soon as possible after their determination but in no event later than (i) the commencement of the relevant Interest Period, if determined prior to such time, in the case of notification to such exchange of a Rate of Interest and Interest Amount, or (ii) in all other cases, the fourth Business Day after such determination. Where any Interest Payment Date or Interest Period Date is subject to adjustment pursuant to Condition 4(*i*), the Interest Amounts, the Rate of Interest and the Interest Payment Date so published may subsequently be amended (or appropriate alternative arrangements made with the consent of the Trustee by way of adjustment) without notice in the event of an extension or shortening of the Interest Period. If the Notes become due and repayable under Condition 10, the accrued interest and the Rate of Interest payable in respect of the Notes shall, subject in the case of the Compounded Daily Reference Rate and Weighted Average Reference Rate to Condition 4(*c*)(*ii*)(B), nevertheless continue to be calculated as previously in accordance with this Condition 4 but no publication of the Rate of Interest or the Interest Amount so calculated need be made unless the Trustee otherwise requires. The determination of any rate or amount, the obtaining of each quotation and the making of each determination or calculation by the Calculation Agent(s) shall (in the absence of manifest error) be final and binding on all parties.

(i) Business Day Convention

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

(i) the "Floating Rate Business Day Convention", for all purposes (including interest accrual purposes), such date shall be postponed to the next day that is a Business Day unless it would thereby fall into the next calendar month, in which event (x) such date shall be brought forward to the immediately preceding Business Day and (y) each subsequent such date shall be the last Business Day of the month in which such date would have fallen;

(ii) the "Following Business Day Convention (Adjusted)", for all purposes (including interest accrual purposes), such date shall be postponed to the next day that is a Business Day;

(iii) the "Following Business Day Convention (Unadjusted)", (a) for the purposes of calculating any amount of interest payable under the Notes, such date shall not be adjusted; and (b) for any other purpose, such date shall be postponed to the next day that is a Business Day;

(iv) the "Modified Following Business Day Convention (Adjusted)", for all purposes (including interest accrual purposes), such date shall be postponed to the next day that is a Business Day unless it would thereby fall into the next calendar month, in which event such date shall be brought forward to the immediately preceding Business Day; or

(v) the "Modified Following Business Day Convention (Unadjusted)", (a) for the purposes of calculating any amount of interest payable under the Notes, such date shall not be adjusted; and (b) for any other purpose, such date shall be postponed to the next day that is a Business Day unless it would thereby fall into the next calendar month, in which event such date shall be brought forward to the immediately preceding Business Day;

(vi) the "Preceding Business Day Convention (Adjusted)", for all purposes (including interest accrual purposes), such date shall be brought forward to the immediately preceding Business Day; and

(vii) the "Preceding Business Day Convention (Unadjusted)", (a) for the purposes of calculating any amount of interest payable under the Notes, such date shall not be adjusted; and (b) for any other purpose, such date shall be brought forward to the immediately preceding Business Day.

(j) Benchmark discontinuation

A. Subject to Condition 4(*j*)B below and notwithstanding the provisions above in Conditions 4(*b*) or 4(*c*), if a Benchmark Event occurs in relation to an Original Reference Rate when any required Rate of Interest (or any component part thereof), remains to be determined by reference to such Original Reference Rate, then the following provisions of this Condition 4(*j*)A shall apply.

(i) Independent Adviser

The Company shall use its reasonable endeavours to appoint and consult with an Independent Adviser, as soon as reasonably practicable, to advise the Company in determining a Successor Rate, failing which an Alternative Rate (in accordance with Condition 4(*j*)A(*ii*)) and, in either case, an Adjustment Spread (in accordance with Condition 4(*j*)A(*iii*)) and any Benchmark Amendments (in accordance with Condition 4(*j*)A(*iv*)).

(ii) Successor Rate or Alternative Rate

If the Company, following consultation with the Independent Adviser, determines that:

(A) there is a Successor Rate, then such Successor Rate and the applicable Adjustment Spread shall subsequently be used in place of the Original Reference Rate to determine the relevant Rate(s) of Interest (or the relevant component part(s) thereof) for all relevant future payments of interest on the Notes (subject to the further operation of this Condition 4(*j*)); or

(B) there is no Successor Rate but that there is an Alternative Rate, then such Alternative Rate and the applicable Adjustment Spread shall subsequently be used in place of the Original Reference Rate to determine the relevant Rate(s) of Interest (or the relevant component part(s) thereof) for all relevant future payments of interest on the Notes (subject to the further operation of this Condition 4(*j*)).

(iii) Adjustment Spread

The applicable Adjustment Spread shall be applied to the Successor Rate or the Alternative Rate (as the case may be) for each subsequent determination of a relevant Rate of Interest (or a component part thereof) by reference to such Successor Rate or Alternative Rate (as applicable).

(iv) Benchmark Amendments

If any Successor Rate or Alternative Rate and, in either case, the applicable Adjustment Spread is determined in accordance with this Condition 4(*j*)A and the Company, following consultation with the Independent Adviser, determines (A) that amendments to these Conditions and/or the Trust Deed are necessary to ensure the proper operation of such Successor Rate or Alternative Rate and/or (in either case) the applicable Adjustment Spread (such amendments, the "**Benchmark Amendments**") and (B) the terms of the Benchmark Amendments, then the Company shall, subject to giving notice thereof in accordance with Condition 4(*j*)C, without any requirement for the consent or approval of Noteholders, vary these Conditions and/or the Trust Deed to give effect to such Benchmark Amendments with effect from the date specified in such notice.

At the request of the Company, but subject to receipt by the Trustee of a certificate signed by two authorised signatories of the Company pursuant to Condition 4(*j*)C, the Trustee shall (at the expense of the Company), without any requirement for the consent or approval of the Noteholders, be obliged to concur with the Company in effecting any Benchmark Amendments (including, *inter alia*, by the execution of a deed or an agreement supplemental to or amending the Trust Deed and/or the Agency Agreement (as applicable)) and the Trustee shall not be liable to any party for any consequences thereof, provided that the Trustee shall not be obliged so to concur if in the sole opinion of the Trustee doing so would impose more onerous obligations upon it or expose it to any additional duties, responsibilities or liabilities or reduce or amend rights and/or 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 way.

In connection with any such variation in accordance with this Condition 4(*j*)A (*iv*), the Company shall comply with the rules of any stock exchange on which the Notes are for the time being listed or admitted to trading.

Notwithstanding any other provision of this Condition 4(*j*)A, no Successor Rate or Alternative Rate will be adopted, nor will the applicable Adjustment Spread be applied, nor will any other amendment to the terms and conditions of any Series of Notes be made to effect the Benchmark Amendments, if and to the extent that, in the determination of the Company, the same could reasonably be expected to prejudice the qualification of the relevant Series of Dated Subordinated Notes as Tier 2 Capital and/or the relevant Series of Notes as eligible liabilities or loss absorbing capacity instruments for the purposes of the Loss Absorption Regulations.

B. Notwithstanding the provisions above in Conditions 4(*b*) or 4(*c*), if the Original Reference Rate is SOFR or U.S. dollar LIBOR and unless "Benchmark Transition Event" is specified as being not applicable in the Final Terms, when any required Rate of Interest (or any component part thereof) remains to be determined by reference to such Original Reference Rate, then the following provisions of this Condition 4(*j*)B shall apply instead of the application of Condition 4*(j)*A above.

If the Company determines on or prior to the Relevant Time on the relevant Interest Determination Date that a Benchmark Transition Event and its related Benchmark Replacement Date have occurred with respect to the Original Reference Rate, the Benchmark Replacement 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 application of this Condition 4*(j)B* with respect to such Benchmark Replacement).

Where this Condition 4(j)B applies, if the Company considers it may be necessary to make Benchmark Replacement Conforming Changes, the Company shall use its reasonable endeavours to appoint and consult with an Independent Adviser, as soon as reasonably practicable, to advise the Company in determining (A) whether such Benchmark Replacement Conforming Changes are necessary and (B) the terms of the Benchmark Replacement Conforming Changes and the Company shall, subject to giving notice thereof in accordance with Condition 4(j)C, without any requirement for the consent or approval of Noteholders, vary these Conditions and/or the Trust Deed to give effect to such Benchmark Replacement Conforming Changes with effect from the date specified in such notice.

At the request of the Company, but subject to receipt by the Trustee of a certificate signed by two authorised signatories of the Company pursuant to Condition 4(*j*)C, the Trustee shall (at the expense of the Company), without any requirement for the consent or approval of the Noteholders, be obliged to concur with the Company in effecting any Benchmark Replacement Conforming Changes (including, *inter alia*, by the execution of a deed or an agreement supplemental to or amending the

Trust Deed and/or the Agency Agreement (as applicable)) and the Trustee shall not be liable to any party for any consequences thereof, provided that the Trustee shall not be obliged so to concur if in the sole opinion of the Trustee doing so would impose more onerous obligations upon it or expose it to any additional duties, responsibilities or liabilities or reduce or amend rights and/or 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 way.

In connection with any such variation in accordance with this Condition 4(*j*)B, the Company shall comply with the rules of any stock exchange on which the Notes are for the time being listed or admitted to trading.

Notwithstanding any other provision of this Condition 4(*j*)B, no rate determined in accordance with this Condition 4(*j*)B will be adopted, nor will any other amendment to the terms and conditions of any Series of Notes be made to effect the Benchmark Replacement Conforming Changes, if and to the extent that, in the determination of the Company, the same could reasonably be expected to prejudice the qualification of the relevant Series of Dated Subordinated Notes as Tier 2 Capital and/or the relevant Series of Notes as eligible liabilities or loss absorbing capacity instruments for the purposes of the Loss Absorption Regulations.

For the purposes of this Condition 4:

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

(A) (where the Original Reference Rate is U.S. dollar LIBOR) the sum of: (a) Term SOFR and (b) the Benchmark Replacement Adjustment;

(B) (where the Original Reference Rate is U.S. dollar LIBOR), the sum of: (a) Compounded SOFR and (b) the Benchmark Replacement Adjustment;

(C) 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;

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

(E) the sum of: (a) the alternate rate of interest that has been selected by the Company 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 Company as of the Benchmark Replacement Date:

(A) 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;

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

(C) the spread adjustment (which may be a positive or negative value or zero) that has been selected by the Company 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, the timing and frequency of determining rates and making payments of interest, rounding of amounts or tenors, and other administrative matters) that the Company (in consultation with 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 Company decides that adoption of any portion of such market practice is not administratively feasible or if the Company determines that no market practice for use of the Benchmark Replacement exists, in such other manner as the Company (in consultation with 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):

(A) in the case of clause (A) or (B) 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

(B) in the case of clause (C) 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, the Relevant Time on the relevant Interest Determination Date, the Benchmark Replacement Date will be deemed to have occurred prior to the Relevant 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):

(A) 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

(B) 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

(C) 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.

"**Compounded SOFR**" means the compounded average of daily SOFR rates for the applicable Corresponding Tenor, with the rate, or methodology for this rate, and conventions for this rate being established by the Company in accordance with: (A) the rate, or methodology for this rate, and conventions for this rate selected or recommended by the Relevant Governmental Body for determining Compounded SOFR; provided that: (B) if, and to the extent that, the Company determines that Compounded SOFR cannot be determined in accordance with sub-paragraph (A) above, then the rate, or methodology for this rate, and conventions for this rate that have been selected by the Company giving due consideration to any industry-accepted market practice for U.S. dollar-denominated floating rate notes at such time.

"**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.

"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.

"**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.

"**Term SOFR**" means the forward-looking term rate for the applicable Corresponding Tenor based on SOFR that has been selected or recommended by the Relevant Governmental Body.

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

C. Notices, etc.

Any Successor Rate, Alternative Rate, Adjustment Spread and the specific terms of any Benchmark Amendments or Benchmark Replacement Conforming Changes, determined under this Condition 4*(j)* will be notified promptly by the Company to the Trustee, the Calculation Agent, the Paying Agents and, in accordance with Condition 15, the Noteholders. Such notice shall be irrevocable and shall specify the effective date of the Benchmark Amendments and Benchmark Replacement Conforming Changes, if any.

No later than notifying the Trustee of the same, the Company shall deliver to the Trustee a certificate signed by two authorised signatories of the Company:

(A) where a Benchmark Event in relation to an Original Reference Rate has occurred in accordance with Condition 4(*j*)A above:

(I) confirming (*i*) that a Benchmark Event has occurred, (*ii*) the Successor Rate or, as the case may be, the Alternative Rate, (*iii*) the Adjustment Spread and (*iv*) the specific terms of the Benchmark Amendments (if any), in each case as determined in accordance with the provisions of this Condition 4(*j*);

(II) certifying that the Benchmark Amendments (if any) are necessary to ensure the proper operation of such Successor Rate or Alternative Rate and (in either case) the applicable Adjustment Spread; and

(III) certifying that (i) the Company has duly consulted with an Independent Adviser with respect to each of the matters above or, if that is not the case, (ii) explaining, in reasonable detail, why the Company has not done so; or

(B) where a Benchmark Replacement is determined in accordance with Condition 4(*j*)B above:

(I) confirming *(i)* that a Benchmark Transition Event has occurred, *(ii)* the Benchmark Replacement determined in accordance with Condition 4(*j*)B, specifying (1) the applicable Reference Rate for such purposes (whether the alternate rate selected or recommended by the Relevant Governmental Body, the ISDA Fallback Rate or an alternate rate selected by the Company) and (2) the applicable Benchmark Replacement Adjustment (if any), and *(iii)* the specific terms of the Benchmark Replacement Conforming Changes (if any);

(II) certifying that the Benchmark Replacement Conforming Changes (if any) are necessary to ensure the proper operation of such Benchmark Replacement; and

(III) certifying that (i) the Company has duly consulted with an Independent Adviser with respect to each of the matters above or, if that is not the case, (ii) explaining, in reasonable detail, why the Company has not done so.

The Trustee shall be entitled to rely on such certificate (without enquiry or liability to any person) as sufficient evidence thereof. The Successor Rate or Alternative Rate and the Adjustment Spread and the Benchmark Amendments (if any) or, as the case may be, the Benchmark Replacement (including any Benchmark Replacement Adjustment, if applicable) and the Benchmark Replacement Conforming Changes (if any) 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 Company, the Trustee, the Calculation Agent, the Paying Agents and the Noteholders.

D. Without prejudice to the obligations of the Company under Condition 4(*j*)A or Condition 4(*j*)B, the Original Reference Rate and the fallback provisions provided for in Condition 4(*b*), Condition 4(*c*)(*ii*)(A), or Condition 4(*c*)(*ii*)(B), as applicable, will continue to apply unless and until the Calculation Agent has been notified of (i) the Successor Rate or the Alternative Rate (as the case may be), and the Adjustment Spread and Benchmark Amendments (if any) determined in accordance with Condition 4(*j*)A or (ii) the Benchmark Replacement (including any Benchmark Replacement

Adjustment, if applicable) and Benchmark Replacement Conforming Changes (if any) determined in accordance with Condition 4(*j*)B, in each case in accordance with Condition 4(*j*)C.

An Independent Adviser appointed pursuant to this Condition 4(*j*) shall act in good faith as an expert and (in the absence of bad faith or fraud) shall have no liability whatsoever to the Trustee, the Calculation Agent, the Paying Agents, or the Noteholders for any advice given to the Company in connection with any determination made by the Company, pursuant to this Condition 4(*j*).

In making any determination pursuant to this Condition 4(*j*), the Company shall act in good faith and, in the absence of bad faith or fraud, the Company shall have no liability whatsoever to the Trustee, the Calculation Agent, the Paying Agents, or the Noteholders for any such determination made by it.

(k) Definitions

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

"**€STR**" means, in respect of any Business Day, a reference rate equal to the daily euro short-term rate as provided by the European Central Bank, as the administrator of such rate (or any successor administrator of such rate) on the website of the European Central Bank (or of any successor administrator's), in each case, at the time specified by, or determined in accordance with, the applicable methodology, policies or guidelines, of the administrator of such rate on the Business Day immediately following such Business Day.

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

(i) in the case of a Successor Rate, is formally recommended, or formally provided as an option for parties to adopt, in relation to the replacement of the Original Reference Rate with the Successor Rate by any Relevant Nominating Body; or

(ii) if no such recommendation has been made, or in the case of an Alternative Rate, the Company, following consultation with the Independent Adviser, determines is customarily applied to the relevant Successor Rate or Alternative Rate (as the case may be) in international debt capital markets transactions to produce an industry-accepted replacement rate for the Original Reference Rate; or

(iii) if the Company determines there is no such spread, formula or methodology customarily applied, the Company determines, following consultation with the Independent Adviser is recognised or acknowledged as being the industry standard for over-the-counter derivative transactions which reference the Original Reference Rate, where such rate has been replaced by the Successor Rate or the Alternative Rate (as the case may be).

"**Alternative Rate**" means an alternative benchmark or screen rate which the Company determines in accordance with Condition 4(*j*)A(*ii*) is customarily applied in international debt capital markets transactions for the purposes of determining rates of interest (or the relevant component part thereof) for a commensurate interest period and in the same Specified Currency as the Notes.

"**BBSW**" means the Australian Bank Bill Swap rate.

"**Benchmark Amendments**" has the meaning given to it in Condition 4(*j*)A(*iv*).

"**Benchmark Event**" means, with respect to an Original Reference Rate:

(i) the Original Reference Rate ceasing to be published for a period of at least five Business Days or ceasing to exist; or

(ii) the making of a public statement by the administrator of the Original Reference Rate that it has ceased or that it will cease publishing the Original Reference Rate permanently or indefinitely (in circumstances where no successor administrator has been appointed that will continue publication of the Original Reference Rate); or

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

(iv) the making of a public statement by the supervisor of the administrator of the Original Reference Rate that means the Original Reference Rate will be prohibited from being used either generally or in respect of the Notes, or that its use will be subject to restrictions or adverse consequences; or

(v) the making of a public statement by the supervisor of the administrator of the Original Reference Rate that, with effect from a date after 31 December 2021, the Original Reference Rate is or will be (or is or will be deemed by such supervisor to be) no longer representative of its relevant underlying market; or

(vi) it has or will prior to the next Interest Determination Date or Reset Determination Date, as applicable, become unlawful for any Paying Agent, the Calculation Agent or the Company to calculate any payments due to be made to any Noteholder using the Original Reference Rate (including, without limitation, under the Benchmark Regulation (EU) 2016/1011, if applicable),

provided that the Benchmark Event shall be deemed to occur in the case of paragraphs (ii) and (iii) above, on the date of the cessation of the Original Reference Rate or the discontinuation of the Original Reference Rate, in the case of paragraph (iv) above, on the date of prohibition of use of the Original Reference Rate and, in the case of paragraph (v) above, on the date with effect from which the Original Reference Rate will no longer be (or will be deemed by the relevant supervisor to no longer be) representative of its relevant underlying market and which is specified in the relevant public statement, and, in each case, not the date of the relevant public statement.

"**Business Day**" means:

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

(ii) in the case of euro, a day on which the TARGET System is operating (a "**TARGET Business Day**"); or

(iii) in the case of Renminbi, a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets in Hong Kong are open for business and settlement of Renminbi payments; and

(iv) a day (other than a Saturday or a Sunday) on which commercial banks and foreign exchange markets settle payments in any Business Centre(s) specified in the Final Terms.

"**CDOR**" means the Canadian dollar bankers' acceptances rate.

"**CMU Notes**" means Notes denominated in any lawful currency which the CMU Service accepts for settlement from time to time that are, or are intended to be, cleared through the CMU Service.

"**CMU Service**" or "**CMU**" means the Central Moneymarkets Unit Service operated by the HKMA.

"**Calculation Amount**" means the amount by reference to which the Interest Amount and the Final Redemption Amount are calculated as specified in the Final Terms.

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

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

(ii) if "**Actual/365 (Fixed)**" is specified in the Final Terms, the actual number of days in the Calculation Period divided by 365;

(iii) if "**Actual/360**" is specified in the Final Terms, the actual number of days in the Calculation Period divided by 360;

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

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

where:

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

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

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

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

"**D1**" is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case D1 will be 30; and

"**D2**" is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number would be 31 and D1 is greater than 29, in which case D2 will be 30;

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

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

where:

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

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

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

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

"**D1**" is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case D1 will be 30; and

"**D2**" is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number would be 31, in which case D2 will be 30;

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

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

where:

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

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

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

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

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

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

(vii) if "**Actual/Actual (Canadian Compound Method)**" is specified in the Final Terms, (A) for a year comprised of two equal semi-annual fixed rate Interest Periods, the day count fraction will be 30/360 as described in (iv) above and (B) for any other periods, the day count fraction will be Actual/365 (Fixed) as described in (ii) above; and

(viii) if "**Actual/Actual ICMA**" is specified in the Final Terms:

(A) if the Calculation Period is equal to or shorter than the Determination Period during which it falls, the number of days in such Calculation Period divided by the product of:

(x) the number of days in such Determination Period; and

(y) the number of Determination Periods normally ending in any year; or

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

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

(y) the number of days in such Calculation Period falling in the next Determination Period divided by the product of (i) the number of days in such Determination Period and (ii) the number of Determination Periods normally ending in any year;

where:

"**Determination Period**" means the period from and including a Determination Date (as specified in the Final Terms) in any year to but excluding the next Determination Date; and

"**Determination Date**" means the date specified as such in the Final Terms or, if none is so specified, the Interest Payment Date.

"**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.

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

"**Hong Kong**" means the Hong Kong Special Administrative Region of the Peoples' Republic of China.

"**HKMA**" means the Hong Kong Monetary Authority appointed pursuant to Section 5A of the Exchange Fund Ordinance (Cap. 66 of the Laws of Hong Kong) or its successors.

"**Independent Adviser**" means an independent financial institution of international repute or an independent adviser of recognised standing with appropriate expertise appointed by the Company at its own expense under Condition 4(*j*)A(*i*) and/or Condition 4(*j*)B.

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

"**Interest Amount**" means:

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

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

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

"**Interest Determination Date**" means, with respect to a Rate of Interest and Interest Accrual Period, the date specified as such in the Final Terms or, if none is so specified, (i) the first day of such Interest Accrual Period if the Specified Currency is Canadian dollars, Sterling or Renminbi or (ii) the day falling

two Business Days in London for the Specified Currency prior to the first day of such Interest Accrual Period if the Specified Currency is not Sterling, euro or Renminbi or (iii) the day falling two TARGET Business Days prior to the first day of such Interest Accrual Period if the Specified Currency is euro.

"**Interest Period**" means the period beginning on (and including) the Interest Commencement Date and ending on (but excluding) the first Interest Payment Date and each successive period beginning on (and including) an Interest Payment Date and ending on (but excluding) the next succeeding Interest Payment Date unless otherwise specified in the Final Terms.

"**Interest Period Date**" means each Interest Payment Date unless otherwise specified in the Final Terms.

"**ISDA Definitions**" means the 2006 ISDA Definitions, as published by the International Swaps and Derivatives Association, Inc., and in respect of the Notes, as amended and supplemented up to and including the Issue Date for the first Tranche of the Notes (or as otherwise specified in the Final Terms).

"**Lock-out Period**" means the period from, and including, the day following the Interest Determination Date to, but excluding, the corresponding Interest Period Date.

"**NIBOR**" means the Norwegian kroner interbank offered rate.

"**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.

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

"**PRC**" means the People's Republic of China which, for the purpose of these Conditions, shall exclude Hong Kong, the Macau Special Administrative Region of the People's Republic of China and Taiwan.

"**Rate of Interest**" means the rate of interest payable from time to time in respect of the Notes and that is either specified in or calculated in accordance with the provisions in the Final Terms.

"**Reference Banks**" means, in the case of a determination of LIBOR, the principal London office of four major banks in the London inter-bank market, in the case of a determination of EURIBOR, the principal Eurozone office of four major banks in the Eurozone inter-bank market, in the case of a determination of BBSW, the principal Sydney office of the five financial institutions authorised to quote on the Reuters Screen BBSW Page, in the case of CDOR, the principal Toronto office of four major Canadian Schedule 1 chartered banks, and, in the case of NIBOR, the principal Oslo office of four major banks in the Oslo inter-bank market, in each case selected by the Company or as specified in the Final Terms.

"**Reference Day**" means each Business Day in the relevant Interest Accrual Period, other than any Business Day in the Lock-out Period.

"**Reference Rate**" means the rate specified as such in the Final Terms.

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

(i) the central bank for the currency to which the benchmark or screen rate (as applicable) relates, or any central bank or other supervisory authority which is responsible for supervising the administrator of the benchmark or screen rate (as applicable); or

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

"**Relevant Screen Page**" means such page, section, caption, column or other part of a particular information service as may be specified in the Final Terms (or any successor or replacement page, section, caption, column or other part of a particular information service).

"**Relevant Time**" means the time specified as such in the Final Terms.

"**Renminbi**" means the lawful currency of the People's Republic of China.

"**SOFR**" means, in respect of any Business Day, 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 on or about 5:00p.m. (New York City Time) on the Business Day immediately following such Business Day.

"**SONIA**" means, in respect of any Business Day, a reference rate equal to the daily Sterling Overnight Index Average rate for such Business 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 in each case on the Business Day immediately following such Business Day.

"**Specified Currency**" means the currency specified in the Final Terms or, if none is specified, the currency in which the Notes are denominated.

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

"**TARGET System**" means the Trans-European Automated Real-Time Gross Settlement Express Transfer (known as TARGET2) System or any successor thereto.

(l) Calculation Agent

The Company shall procure that there shall at all times be one or more Calculation Agents if provision is made for them in the Final Terms and for so long as any Note is outstanding (as defined in the Trust Deed). Where more than one Calculation Agent is appointed in respect of the Notes, references in these Conditions to the Calculation Agent shall be construed as each Calculation Agent performing its respective duties under the Conditions. If the Calculation Agent is unable or unwilling to act as such or if the Calculation Agent is unable or unwilling to comply with any other requirement, the Company shall (with the prior approval of the Trustee) appoint a leading bank or investment banking firm engaged in the interbank market (or, if appropriate, money or swap market) that is most closely connected with the calculation or determination to be made by the Calculation Agent (acting through its principal London office or any other office actively involved in such market) to act as such in its place. The Calculation Agent may not resign its duties without a successor having been appointed as aforesaid.

(m) Nature of the Return

Any interest paid to the Noteholder shall constitute consideration paid for the use of the principal and for the assumption of the risk that the Noteholder may not recover its original investment or that its return may be variable.

5 Redemption, Purchase and Options

(a) Final Redemption

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

(b) Early Redemption

(i) Zero Coupon Notes

(A) The Early Redemption Amount payable in respect of any Zero Coupon Note upon redemption of such Note pursuant to Condition 5(*c*), Condition 5(*d*), Condition 5(*e*), Condition 5*(f)* or Condition 5*(g)* or upon it becoming due and repayable as provided in Condition 10, shall be the Amortised Face Amount (as defined and calculated below) of such Note unless otherwise specified in the Final Terms.

(B) Subject to the provisions of sub-paragraph (C) below, the Amortised Face Amount of any such Note shall be the scheduled Final Redemption Amount(s) of such Note on the Maturity Date discounted back to the due date for payment at a rate per annum (expressed as a percentage) equal to the Amortisation Yield applied on a compounded or non-compounded basis as specified in the Final Terms (which, if none is specified in the Final Terms, shall be such rate (compounded annually) as would produce an Amortised Face Amount equal to the issue price of the Notes if they were discounted back to their issue price on the Issue Date) (the "**Amortised Face Amount**").

(C) If the Early Redemption Amount payable in respect of any such Note upon its redemption pursuant to Condition 5*(c)*, Condition 5*(d)*, Condition 5*(e)*, Condition 5*(f)* or Condition 5*(g)* or upon it becoming due and repayable as provided in Condition 10 is not paid when due, the Early Redemption Amount due and payable in respect of such Note shall be the Amortised Face Amount of such Note as calculated in accordance with sub-paragraph (B) above, except that such sub-paragraph shall have effect as though the reference therein to the "due date for payment" were replaced by a reference to the date on which the relevant amount is actually paid. The calculation of the Amortised Face Amount in accordance with this sub-paragraph shall continue to be made (both before and after judgment) until the date such amount is paid, unless such date falls on or after the Maturity Date, in which case the amount due and payable shall be the scheduled Final Redemption Amount(s) of such Note on the Maturity Date together with any interest that may accrue in accordance with Condition 4*(e)*.

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

(ii) Other Notes

The Early Redemption Amount payable in respect of any Note (other than Notes described in paragraph (i) above), upon redemption of such Note pursuant to Condition 5*(c)*, Condition 5*(d)*,

Condition 5*(e)*, Condition 5*(f)* or Condition 5*(g)* shall be the Final Redemption Amount(s) unless otherwise specified in the Final Terms.

(c) Redemption for Taxation Reasons

The Company may at its option but subject to Condition 5*(j)*, having given not less than 30 nor more than 60 days' notice in accordance with Condition 15, redeem all, but not some only, of the Notes outstanding on (if the Notes are Floating Rate Notes) the next Interest Payment Date or (if the Notes are not Floating Rate Notes) at any time at the Early Redemption Amount, together with any accrued but unpaid interest up to (but excluding) the date fixed for redemption, if, at any time, the Company shall satisfy the Trustee (immediately prior to the giving of the notice referred to above) that a Tax Event has occurred.

The Company shall deliver to the Trustee an opinion of an independent lawyer or accountant satisfactory to the Trustee, in a form satisfactory to the Trustee, to the effect that a Tax Event exists. The Trustee may accept such opinion without any further inquiry as sufficient evidence of the existence of the circumstances required to be established in which event it shall be conclusive and binding on the Company, the Trustee, the Noteholders and the Couponholders, and the Trustee will not be responsible for any loss that may be occasioned by the Trustee's acting or relying on such opinion.

A "**Tax Event**" shall be deemed to have occurred if:

(i) as a result of a Tax Law Change:

(A) in making payment under the Notes, the Company has or would on or before the next Interest Payment Date or the Maturity Date become obliged to pay additional amounts under Condition 8 (and such obligation cannot be avoided by the Company taking reasonable measures available to it);

(B) the payment of interest on the next Interest Payment Date or the Maturity Date in respect of any of the Notes would be treated as a "distribution" within the meaning of Chapter 2 of Part 23 of the Corporation Tax Act 2010 of the United Kingdom (or any statutory modification or re-enactment thereof for the time being); and/or

(C) on the next Interest Payment Date or the Maturity Date the Company would not be entitled to claim a deduction in respect of any payments in respect of the Notes in computing its United Kingdom taxation liabilities (or the value of such deduction to the Company would be materially reduced);

(ii) and also, for the purposes of any Dated Subordinated Notes only, if a Tax Law Change would:

(A) prevent the Dated Subordinated Notes from being treated as loan relationships for United Kingdom tax purposes;

(B) as a result of the Dated Subordinated Notes being in issue, result in the Company not being able to have losses or deductions set against the profits or gains, or profits or gains offset by the losses or deductions, of companies with which it is or would otherwise be so grouped for applicable United Kingdom tax purposes (whether under the group relief system current as at the date of issue of the Dated Subordinated Notes or any similar system or systems having like effect as may from time to time exist);

(C) result in a United Kingdom tax liability, or the receipt of income or profit which would be subject to United Kingdom tax, in respect of a write down of the principal amount of the Dated Subordinated Notes; and/or

(D) result in a Dated Subordinated Note or any part thereof being treated as a derivative or an embedded derivative for United Kingdom tax purposes,

provided in each of (ii)(A) to (D) that the Company could not avoid the foregoing in connection with the Dated Subordinated Notes by taking reasonable measures available to it.

In these Conditions, "**Tax Law Change**" means:

(a) in relation to Senior Notes, a change in or proposed change in, or amendment or proposed amendment to, the laws or regulations of the United Kingdom or any authority thereof or therein having the power to tax, including any treaty to which the United Kingdom is a party, or any change in the application of official or generally published interpretation of such laws, including a decision of any court or tribunal, or any interpretation or pronouncement by any relevant tax authority, which change or amendment (x) (subject to (y)) becomes, or would become, effective on or after the Issue Date, or (y) in the case of a change or proposed change in law, if such change is enacted (or, in the case of a proposed change, is expected to be enacted), on or after the Issue Date; and

(b) in relation to Dated Subordinated Notes, a change in, or amendment to, the laws or regulations of the United Kingdom or any authority thereof or therein having the power to tax, including any treaty to which the United Kingdom is a party, or any change in the application of official or generally published interpretation of such laws, including a decision of any court or tribunal, or any interpretation or pronouncement by any relevant tax authority, which change or amendment becomes effective on or after the Issue Date.

(d) Redemption of Dated Subordinated Notes following the occurrence of a Capital Disqualification Event

Where a Capital Disqualification Event Call is specified as being applicable in the Final Terms relating to Dated Subordinated Notes, the Company may at its option but subject to Condition 5*(j)*, having given not less than 30 nor more than 60 days' notice in accordance with Condition 15, redeem all but not some only of the Notes outstanding (if the Notes are Floating Rate Notes) on the next Interest Payment Date or (if the Notes are not Floating Rate Notes) at any time at the Early Redemption Amount, together (if applicable) with any accrued but unpaid interest up to (but excluding) the date fixed for redemption, if immediately prior to the giving of the notice referred to above, it satisfies the Trustee that a Capital Disqualification Event has occurred.

In these Conditions:

A "**Capital Disqualification Event**" shall be deemed to have occurred if at any time the Company determines that there is a change (which has occurred or which the Relevant Regulator considers to be sufficiently certain) in the regulatory classification of the relevant series of Dated Subordinated Notes, in any such case becoming effective on or after the Issue Date, that results, or would be likely to result, in the entire principal amount of such series of Dated Subordinated Notes being excluded from the Tier 2 Capital of the Company and/or the Group (other than as a result of any applicable limitation on the amount of such capital).

"**Group**" means Lloyds Banking Group plc and its subsidiaries and subsidiary undertakings from time to time.

"**Relevant Regulator**" means (i) in the case of Dated Subordinated Notes, the Bank of England acting as the Prudential Regulation Authority through its Prudential Regulation Committee and (ii) in the case of Senior Notes, the Resolution Authority or, in either case, such other governmental authority in the United Kingdom (or if the Company becomes domiciled in a jurisdiction other than the United Kingdom,

in such other jurisdiction) having primary supervisory authority with respect to the Company and/or the Group in such circumstances.

"**Resolution Authority**" means the Bank of England or any successor or replacement thereto and/or such other authority in the United Kingdom with the ability to exercise the UK Bail-in Power.

"**UK Bail-in Power**" means any write-down, conversion, transfer, modification, moratorium and/or suspension power existing from time to time under any laws, regulations, rules or requirements relating to the resolution of financial holding companies, mixed financial holding companies, banks, banking group companies, credit institutions and/or investment firms incorporated in the United Kingdom in effect and applicable in the United Kingdom to the Company or other members of the Group, including but not limited to any such laws, regulations, rules or requirements that are implemented, adopted or enacted within the context of a resolution regime in the United Kingdom under the Banking Act 2009 and/or the Loss Absorption Regulations, as the same has been or may be amended from time to time.

(e) Redemption Due to Loss Absorption Disqualification Event

Where a Loss Absorption Disqualification Event is specified as being applicable in the relevant Final Terms relating to Senior Notes, the Company may at its option but subject to Condition 5*(j)*, having given not less than 30 nor more than 60 days' notice in accordance with Condition 15, redeem all but not some only of the Senior Notes outstanding (if the Notes are Floating Rate Notes) on the next Interest Payment Date or (if the Notes are not Floating Rate Notes) at any time at the Early Redemption Amount, together (if applicable) with any accrued but unpaid interest up to (but excluding) the date fixed for redemption, if immediately prior to the giving of the notice referred to above, it satisfies the Trustee that a Loss Absorption Disqualification Event has occurred.

In these Conditions:

A "**Loss Absorption Disqualification Event**" shall be deemed to have occurred if, as a result of any amendment to, or change in, the Loss Absorption Regulations, or any change in the application or official interpretation of the Loss Absorption Regulations, in any such case becoming effective on or after the Issue Date of the first Tranche of the Senior Notes, such Notes are or (in the opinion of the Company, the Relevant Regulator and/or the Resolution Authority) are likely to be fully or (if so specified in the applicable Final Terms) partially excluded from the Company's and/or the Group's minimum requirements 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 Company and/or the Group 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 Senior 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 Company and/or the Group on the Issue Date of the first Tranche of the Senior Notes.

"**Loss Absorption Regulations**" means, at any time, the laws, regulations, requirements, guidelines, rules, standards and policies relating to minimum requirements for own funds and eligible liabilities and/or loss absorbing capacity instruments of the United Kingdom, the Relevant Regulator, the Resolution Authority, the Financial Stability Board and/or of the European Parliament or of the Council of the European Union then in effect in the United Kingdom including, without limitation to the generality of the foregoing, any delegated or implementing acts (such as regulatory technical standards) adopted by the European Commission and then in effect in the United Kingdom and 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 the Relevant Regulator

and/or the Resolution Authority from time to time (whether or not such regulations, requirements, guidelines, rules, standards or policies are applied generally or specifically to the Company or to the Group).

(f) Redemption at the Option of the Company

If Call Option is specified as being applicable in the Final Terms, the Company may at its option but subject to Condition 5*(j)*, on giving not less than 30 nor more than 60 days' irrevocable notice to the Noteholders and the Trustee (or such other notice period as may be specified in the Final Terms), redeem all or, if so provided, some only of the Notes on any Optional Redemption Date. Any such redemption of Notes shall be at their Optional Redemption Amount specified in the Final Terms (which may be the Early Redemption Amount (as described in Condition 5*(b)* above)), together with interest accrued to the date fixed for redemption. Any such redemption or exercise must relate to Notes of a nominal amount at least equal to the Minimum Redemption Amount to be redeemed specified in the Final Terms and no greater than the Maximum Redemption Amount to be redeemed specified in the Final Terms.

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

In the case of a partial redemption, the notice to Noteholders shall also contain the certificate numbers of the Notes to be redeemed which shall have been drawn in such place as the Trustee may approve and in such manner as it deems appropriate, subject to compliance with any applicable laws, stock exchange requirements or the requirements of any other relevant authority.

(g) Redemption at the Option of Noteholders other than holders of Dated Subordinated Notes

If Put Option is specified as being applicable in the Final Terms in respect of Senior Notes, the Company shall, at the option of the holder of any Note, upon the holder of such Note giving not less than 15 nor more than 30 days' notice to the Company (or such other notice period as may be specified in the Final Terms), redeem such Note on the Optional Redemption Date(s) at its Optional Redemption Amount specified in the Final Terms (which may be the Early Redemption Amount (as described in Condition 5*(b)* above)), together with interest accrued to the date fixed for redemption.

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

(h) Purchases

Subject to Condition 5*(j)* in the case of Dated Subordinated Notes, the Company or any of its subsidiaries or any holding company of the Company or any other subsidiary of any such holding company may, but is not obliged to, purchase Notes (provided that all unmatured Coupons and unexchanged Talons relating thereto are attached thereto or surrendered therewith) in the open market or otherwise at any price. Any Notes so purchased or otherwise acquired may, at the Company's discretion, be held or resold or surrendered for cancellation.

(i) Cancellation

All Notes purchased by or on behalf of the Company or any of its subsidiaries or any holding company of the Company or any other subsidiary of any such holding company may be surrendered for

cancellation, in the case of Bearer Notes, by surrendering each such Note together with all unmatured Coupons and all unexchanged Talons to the Issuing and Paying Agent and, in the case of Registered Notes, by surrendering the Certificate representing such Notes to the Registrar and, in each case, if so surrendered, shall, together with all Notes redeemed by the Company, be cancelled forthwith (together with all unmatured Coupons and unexchanged Talons attached thereto or surrendered therewith). Any Notes so surrendered for cancellation may not be reissued or resold and the obligations of the Company in respect of any such Notes shall be discharged.

(j) *Conditions to Redemption and Purchase*

Any redemption or purchase of Dated Subordinated Notes in accordance with Conditions 5*(c)*, *(d)*, *(f)* or *(h)* is subject to:

(A) the Company giving notice to the Relevant Regulator and the Relevant Regulator granting permission to the Company to redeem or purchase the relevant Dated Subordinated Notes;

(B) in respect of any redemption of the relevant Dated Subordinated Notes proposed to be made prior to the fifth anniversary of the Issue Date, if and to the extent then required under the relevant Regulatory Capital Requirements (a) in the case of redemption following the occurrence of a Tax Event, the Company having demonstrated to the satisfaction of the Relevant Regulator that the relevant change or event is material and was not reasonably foreseeable by the as at the Issue Date or (b) in the case of redemption following the occurrence of a Capital Disqualification Event, the Company having demonstrated to the satisfaction of the Relevant Regulator that the relevant change was not reasonably foreseeable by the Company as at the Issue Date;

(C) if and to the extent then required under the prevailing Regulatory Capital Requirements (a) on or before the relevant redemption or purchase date, the Company replacing the Dated Subordinated Notes with instruments qualifying as own funds of equal or higher quality on terms that are sustainable for the income capacity of the Company or, save in the case of a purchase complying with Condition 5*(j)*(D) below, (b) the Company demonstrating to the satisfaction of the Relevant Regulator that its own funds and eligible liabilities would, following such redemption or purchase, exceed its minimum applicable requirements (including any applicable buffer requirements) by a margin that the Relevant Regulator considers necessary at such time; and

(D) in respect of any purchase of the relevant Dated Subordinated Notes proposed to be made prior to the fifth anniversary of the Issue Date, either (a) the Company having, before or at the same time as such purchase, replaced the relevant Dated Subordinated Notes with instruments qualifying as own funds of equal or higher quality on terms that are sustainable for the income capacity of the Company, and the Relevant Regulator 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 (b) the relevant Dated Subordinated Notes are being purchased for market-making purposes in accordance with applicable Regulatory Capital Requirements.

Notwithstanding the above conditions, if, at the time of any redemption or purchase, the prevailing Regulatory Capital Requirements permit the repayment or purchase only after compliance with one or more alternative or additional pre-conditions to those set out above in this Condition 5*(j)*, the Company shall comply with such other and/or, as appropriate, additional pre-condition(s).

In these Conditions, "**Regulatory Capital Requirements**" means any applicable minimum capital or capital requirement specified for banks or financial groups by the Relevant Regulator.

Any redemption or purchase of Senior Notes in accordance with this Condition 5 (other than redemption on the relevant Maturity Date) is subject to, if and to the extent then required by the Relevant Regulator

or the Loss Absorption Regulations, the Company giving notice to the Relevant Regulator and the Relevant Regulator granting permission to the Company to redeem or purchase the relevant Senior Notes.

Any refusal by the Relevant Regulator to give its permission as contemplated above shall not constitute a default for any purpose.

Prior to the publication of any notice of redemption pursuant to this Condition 5 (other than redemption on the relevant Maturity Date), the Company shall deliver to the Trustee a certificate signed by two Directors of the Company, in a form satisfactory to the Trustee, certifying that the relevant requirement or circumstance giving rise to the right to redeem is satisfied, including (in the case of a Tax Event or a Capital Disqualification Event or a Loss Absorption Disqualification Event (as applicable)) that a Tax Event (as defined in Condition 5*(c)* above) or a Capital Disqualification Event (as defined in Condition 5*(d)* above) or a Loss Absorption Disqualification Event (as defined in Condition 5*(e)* above) (as applicable) exists. The Trustee may accept such certificate without any further inquiry as sufficient evidence of the existence of the circumstances required to be established in which event it shall be conclusive and binding on the Company, the Trustee, the Noteholders and the Couponholders and the Trustee will not be responsible for any loss that maybe occasioned by the Trustee's acting or relying on such certificate.

6 Payments and Talons

(a) Bearer Notes

Payments of principal and interest in respect of Bearer Notes shall, subject as mentioned below, be made against presentation and surrender of the relevant Notes (and, in the case of interest, as specified in Condition 6*(f)*(v)) or Coupons (in the case of interest, save as specified in Condition 6*(f)*(ii)), as the case may be:

(i) in the case of a currency other than euro or Renminbi, at the specified office of any Paying Agent outside the United States by a cheque payable in the relevant currency drawn on, or, at the option of the holder, by transfer to an account denominated in such currency with, a bank in the principal financial centre for such currency;

(ii) in the case of euro, at the specified office of any Paying Agent outside the United States by a cheque payable in euro drawn on, or, at the option of the holder, by transfer to an account denominated in euro with, a bank in a city in which banks have access to the TARGET System; and

(iii) in the case of Renminbi, by transfer to a Renminbi account maintained by or on behalf of the Noteholder with a bank in Hong Kong.

(b) Registered Notes

(i) Payments of principal in respect of Registered Notes shall be made against presentation and surrender of the relevant Certificates at the specified office of any of the Transfer Agents or of the Registrar and in the manner provided in paragraph (ii) below.

(ii) Interest on Registered Notes shall be paid to the person shown on the Register at the close of business on the fifteenth day before the due date for payment thereof (the "**Record Date**"). Payments of interest on each Registered Note shall be made:

(x) in the case of a currency other than Renminbi, in the relevant currency by a cheque drawn on a bank in the principal financial centre of such currency, subject as provided in

Condition 6(*a*) above, and mailed to the holder (or to the first named of joint holders) of such Note at its address appearing in the Register. Upon application by the holder to the specified office of the Registrar or any Transfer Agent before the Record Date and subject as provided in Condition 6*(a)* above, such payment of interest may be made by transfer to an account in the relevant currency maintained by the payee with a bank in the principal financial centre of such currency; and

(y) in the case of Renminbi, by transfer to the registered account maintained by or on behalf of the Noteholder with a bank in Hong Kong, details of which appear on the Register at the close of business on the fifth business day before the due date for payment.

(c) Payments in the United States

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

(d) Payments subject to Fiscal Laws

Save as provided in Condition 8, payments will be subject in all cases to any other applicable fiscal or other laws and regulations in the place of payment or other laws and regulations to which the Company or its respective Agents agree to be subject and the Company will not be liable for any taxes or duties of whatever nature imposed or levied by such laws, regulations or agreements.

No commission or expenses shall be charged to the Noteholders or Couponholders in respect of such payments. The Company reserves the right to require a Noteholder or Couponholder to provide a Paying Agent, the Registrar or a Transfer Agent with such certification or information as may be required to enable the Company to comply with the requirements of the United States federal income tax laws or any agreement between the Company and any taxing authority.

(e) Appointment of Agents

The Issuing and Paying Agent, the other Paying Agents, the Registrar and the Transfer Agents initially appointed by the Company and their respective specified offices are listed below. Subject as provided in the Trust Deed and the Agency Agreement, the Issuing and Paying Agent, the other Paying Agents, the Registrar, the Transfer Agents and the Calculation Agent act solely as agents of the Company and do not assume any obligation or relationship of agency or trust for or with any Noteholder or Couponholder. The Company reserves the right at any time with the approval of the Trustee to vary or terminate the appointment of the Issuing and Paying Agent, any other Paying Agent, the Registrar, any Transfer Agent or the Calculation Agent(s) and to appoint additional or other Paying Agents or Transfer Agents, provided that the Company shall at all times maintain (i) an Issuing and Paying Agent, (ii) a Registrar in relation to Registered Notes, (iii) a Transfer Agent in relation to Registered Notes which may be the Registrar, (iv) one or more Calculation Agent(s) where the Conditions so require, (v) a Paying Agent having a specified office in Europe, which, so long as the Notes are listed on the official list (the "**Official List**") of the Financial Conduct Authority acting under Part VI of the Financial Services and Markets Act 2000 and are admitted to trading on the London Stock Exchange plc's Regulated Market, shall be in London and (vi) such other agents as may be required by any other stock exchange on which the Notes

may be listed, in each case as approved by the Trustee. In addition, the Company shall forthwith appoint a Paying Agent in New York City in respect of any Bearer Notes denominated in U.S. dollars in the circumstances described in paragraph *(c)* above.

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

(f) Unmatured Coupons and unexchanged Talons

(i) Upon the due date for redemption of Bearer Notes which comprise Fixed Rate Notes (other than any Fixed Rate Notes where the total value of the unmatured coupons appertaining thereto exceeds the nominal amount of such Note), such Notes should be surrendered for payment together with all unmatured Coupons (if any) relating thereto, failing which an amount equal to the face value of each missing unmatured Coupon (or, in the case of payment not being made in full, that proportion of the amount of such missing unmatured Coupon that the sum of principal so paid bears to the total principal due) shall be deducted from the Final Redemption Amount(s), Early Redemption Amount or Optional Redemption Amount, as the case may be, due for payment. Any amount so deducted shall be paid in the manner mentioned above against surrender of such missing Coupon within a period of 10 years from the Relevant Date for the payment of such principal (whether or not such Coupon has become void pursuant to Condition 9).

(ii) Upon the due date for redemption of any Bearer Note comprising a Floating Rate Note or (where the total value of the unmatured coupons exceeds the nominal amount of such Note) a Fixed Rate Note, unmatured Coupons relating to such Note (whether or not attached) shall become void and no payment shall be made in respect of them.

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

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

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

(g) Talons

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

(h) *Non-Business Days*

If any date for payment in respect of any Note or Coupon is not a business day, the holder shall not be entitled to payment until the next following business day nor to any interest or other sum in respect of such postponed payment. In this Condition 6*(h)* and in Condition 6*(i)* below, "**business day**" means a day (other than a Saturday or a Sunday) on which commercial banks and foreign exchange markets are open for business in the relevant place of presentation, in such jurisdictions as shall be specified as "Additional Financial Centres" in the Final Terms and:

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

(ii) (in the case of a payment in Renminbi) on which commercial banks and foreign exchange markets in Hong Kong are open for business and settlement of Renminbi payments; or

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

(i) *Payment of Alternative Currency Equivalent*

Where Alternative Currency Equivalent is specified in the relevant Final Terms as being applicable to a Series of Notes, if (following a written request from the Company that the Alternative Currency Adjudication Agent makes a determination pursuant to this Condition 6*(i)*), by reason of a Scheduled Payment Currency Disruption Event, it would, in the opinion of the Alternative Currency Adjudication Agent, be commercially impracticable for the Company to satisfy any payment obligation in respect of the Notes when due in the Scheduled Payment Currency, then the Company may take the action described in paragraph (a), (b), (c) or (d) below:

(a) determine that the relevant payment of the Company in respect of the Notes be postponed to a date which falls after the date on which the relevant Scheduled Payment Currency Disruption Event ceases to exist (in the determination of the Alternative Currency Adjudication Agent) provided that such postponement does not exceed the number of Business Days (such number, the "**Maximum Days of Postponement**") specified in the relevant Final Terms, or, if that would not be commercially reasonable, as soon as commercially reasonable thereafter, in which case the relevant payment will be due on the date as so postponed, without any interest or other sum payable in respect of the postponement of the payment of such amount;

(b) determine that the Company's obligation to make any payment in respect of the Notes in the Scheduled Payment Currency be replaced by an obligation to make payment of the Alternative Currency Equivalent of such payment, in which case, it will settle any such obligation by payment of the relevant Alternative Currency Equivalent on the due date for payment;

(c) determine that the relevant payment in respect of the Notes be postponed to a date which falls after the date on which the relevant Scheduled Payment Currency Disruption Event ceases to exist (in the determination of the Alternative Currency Adjudication Agent) provided that such postponement does not exceed the Maximum Days of Postponement after the date on which the relevant Scheduled Payment Currency Disruption Event ceases to exist, or, if, in the determination of the Alternative Currency Adjudication Agent, that would not be commercially reasonable, as soon as commercially reasonable thereafter (such postponed payment date, the "**Postponed Payment Date**"), and that the Company's obligation to make payment in respect of the Notes in the Scheduled Payment Currency be replaced by an obligation to make payment of the Alternative Currency Equivalent, in which case, it will settle any such obligation by payment

of the relevant Alternative Currency Equivalent on the Postponed Payment Date, without any interest or other sum payable in respect of the postponement of the payment of such amount; or

(d) give notice to the Noteholders in accordance with Condition 15 and redeem all, but not some only, of the Notes on a date selected by the Company, by payment of the Alternative Currency Equivalent of, or, if so specified in such notice, an amount in the Scheduled Payment Currency equal to, the Early Redemption Amount. Payment will be made in such manner as shall be notified to the Noteholders in accordance with Condition 15.

Any payment made in the Alternative Currency under such circumstances will constitute valid payment, and will not constitute a default in respect of the Notes.

Upon the occurrence of a Scheduled Payment Currency Disruption Event and the Alternative Currency Adjudication Agent making a determination that, by reason of such Scheduled Payment Currency Disruption Event, it would, in the opinion of the Alternative Currency Adjudication Agent, be commercially impracticable for the Company to satisfy its payment obligations in respect of the Notes when due in the Scheduled Payment Currency, the Company shall give notice as soon as practicable to Noteholders in accordance with Condition 15 stating the occurrence of the Scheduled Payment Currency Disruption Event, giving details thereof and the action proposed to be taken in relation thereto.

In making any determination in respect of any Scheduled Payment Currency Disruption Event, neither the Company nor the Alternative Currency Adjudication Agent shall have regard to any interests arising from circumstances particular to individual Noteholders (whatever their number), and, in particular, but without limitation, shall not have regard to the consequences of any such determination for individual Noteholders (whatever their number) resulting from their being for any purpose domiciled or resident in, or otherwise connected with, or subject to the jurisdiction of, any particular territory or any political sub-division thereof and no Noteholder shall be entitled to claim from the Company, the Alternative Currency Adjudication Agent or any other person any indemnification or payment in respect of any tax consequences of any such determination upon individual Noteholders.

All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of this Condition 6(*i*) by the Company or the Alternative Currency Calculation Agent will (in the absence of wilful default, bad faith or manifest error) be binding on the Company, the Agents and all Noteholders.

As used herein:

"**Affiliate**" is to, in relation to any entity (the "**First Entity**"), any entity controlled, directly or indirectly, by the First Entity, any entity that controls, directly or indirectly, the First Entity or any entity directly or indirectly under common control with the First Entity, where, for these purposes, "**control**" means ownership of a majority of the voting power of an entity;

"**Alternative Currency**" means the currency specified as such in the relevant Final Terms (or any lawful successor currency to that currency), or, if no Alternative Currency is specified in the relevant Final Terms, U.S. dollars;

"**Alternative Currency Adjudication Agent**" means the Alternative Currency Adjudication Agent specified in the relevant Final Terms (or any lawful successor to the Alternative Currency Adjudication Agent);

"**Alternative Currency Calculation Agent**" means (i) in the case of CMU Notes denominated in Renminbi, Citibank, N.A., London Branch (or any lawful successor thereto), unless otherwise specified

in the relevant Final Terms; and (ii) in the case of all other Notes, the Alternative Currency Calculation Agent specified in the relevant Final Terms (or any lawful successor thereto);

"**Alternative Currency Equivalent**" means, (i) where the Alternative Currency is U.S. dollars, in respect of an amount denominated in the Scheduled Payment Currency, such amount converted into the Alternative Currency using the Spot Rate for the relevant Rate Calculation Date, all as determined by the Alternative Currency Calculation Agent, and (ii) where the Alternative Currency is a currency other than U.S. dollars, in respect of an amount denominated in the Scheduled Payment Currency, such amount converted into the Alternative Currency by (i) converting such amount into an amount expressed in U.S. dollars using the Spot Rate for the relevant Rate Calculation Date, and multiplying the resultant U.S. dollar amount by the USD Spot Rate for the relevant Rate Calculation Date, all as determined by the Alternative Currency Calculation Agent;

"**Governmental Authority**" means any *de facto or de jure* government (or any agency or instrumentality thereof), court, tribunal, administrative or other governmental authority or any other entity (private or public) charged with the regulation of the financial markets (including the central bank) of the Scheduled Payment Currency Jurisdiction;

"**Illiquidity**" means (i) in respect of any payment obligation in respect of the Notes of any sum, foreign exchange markets for the Scheduled Payment Currency becoming illiquid (including, without limitation, the existence of any significant price distortion) or unavailable as a result of which it is impossible or, in the opinion of the Alternative Currency Adjudication Agent, commercially impracticable for the Company and/or any of its Affiliates to obtain a sufficient amount of the Scheduled Payment Currency in order to satisfy any such obligation or (ii) it becomes impossible or impracticable to obtain a firm quote for exchange of the Scheduled Payment Currency into the Alternative Currency, in each case, as determined by the Alternative Currency Adjudication Agent in its sole and absolute discretion;

"**Inconvertibility**" means, in respect of any payment or obligation in respect of the Notes, the occurrence of any event that makes it impossible, illegal or, in the opinion of the Alternative Currency Adjudication Agent, commercially impracticable for the Company and/or any of its Affiliates to convert any amount due in respect of the Notes in the foreign exchange markets for the Scheduled Payment Currency (including, without limitation, any event that has the direct or indirect effect of hindering, limiting or restricting convertibility by way of any delays, increased costs or discriminatory rates of exchange or any current or future restrictions on repatriation of one currency into another currency) other than where such impossibility or impracticability is due solely to the failure of the Company and/or any of its Affiliates to comply with any law, rule or regulation enacted by any relevant Governmental Authority (unless such law, rule or regulation becomes effective on or after the Trade Date and it is impossible or, in the opinion of the Alternative Currency Adjudication Agent, commercially impracticable for the Company, due to an event beyond its control, to comply with such law, rule or regulation);

"**Non-transferability**" means, in respect of any payment obligation in respect of the Notes, the occurrence of any event that makes it impossible or, in the opinion of the Alternative Currency Adjudication Agent, commercially impracticable for the Company and/or any of its Affiliates to transfer the Scheduled Payment Currency in relation to any such payment obligation between accounts inside the Scheduled Payment Currency Jurisdiction or between an account inside the Scheduled Payment Currency Jurisdiction and an account outside the Scheduled Payment Currency Jurisdiction, other than where such impossibility or impracticability is due solely to the failure of the Company and/or any of its Affiliates to comply with any law, rule or regulation enacted by any relevant Governmental Authority (unless such law, rule or regulation becomes effective on or after the Trade Date and it is impossible or, in the opinion of the Alternative Currency Adjudication Agent, commercially impracticable for the

Company and/or any of its Affiliates, due to an event beyond its control, to comply with such law, rule or regulation;

"**Rate Calculation Business Day**" means, unless otherwise specified in the relevant Final Terms, a day (other than a Saturday or Sunday) on which commercial banks are open for general business (including dealings in foreign exchange) in the Rate Calculation Jurisdiction;

"**Rate Calculation Date**" means the day which is the number of Rate Calculation Business Days specified in the relevant Final Terms (which shall be two Rate Calculation Business Days where the Scheduled Payment Currency is Renminbi) before the due date for payment of the relevant amount under the Notes or, unless specified otherwise in the relevant Final Terms, if the relevant Spot Rate is not available on such day, the last preceding Rate Calculation Business Day on which the relevant Spot Rate was most recently available, as determined by the Alternative Currency Calculation Agent;

"**Rate Calculation Jurisdiction**" means the jurisdiction(s) specified in the Final Terms, which shall include the Eurozone where the Scheduled Payment Currency is euro or Hong Kong where the Scheduled Payment Currency is Renminbi;

"**Scheduled Payment Currency**" means, the Specified Currency;

"**Scheduled Payment Currency Disruption Event**" means, in respect of a Scheduled Payment Currency:

(i) Inconvertibility;

(ii) Non-transferability;

(iii) Illiquidity;

(iv) the Company and/or any of its Affiliates is unable, after using commercially reasonable efforts, to (a) acquire, establish, re-establish, substitute, maintain, unwind or dispose of any transaction(s) or asset(s) the Company deems necessary to hedge the currency risk of the Company issuing and performing its obligations with respect to the Notes or (b) realise, recover or remit the proceeds of any such transaction(s) or asset(s); and/or

(v) any other event specified as a Scheduled Payment Currency Disruption Event in the relevant Final Terms;

"**Scheduled Payment Currency Jurisdiction**" means (i) other than in the case of euro or Renminbi, the primary jurisdiction for which the Scheduled Payment Currency is the lawful currency, (ii) in the case of euro, the Eurozone or (iii) in the case of Renminbi, Hong Kong;

"**Settlement Rate Option**" means, as specified in the relevant Final Terms, (i) such "Settlement Rate Options" as may be included from time to time in Annex A to the 1998 FX and Currency Option Definitions, published by the International Swaps and Derivatives Association, Inc., the Emerging Markets Traders Association and the Foreign Exchange Committee or (ii) if "Alternative Currency Calculation Agent Determination" is specified as the Settlement Rate Option in the relevant Final Terms, such rate for the exchange of the Scheduled Payment Currency into U.S. dollars as determined by the Alternative Currency Calculation Agent, taking into consideration all available information that it deems relevant;

"**Spot Rate**" means, in respect of a Rate Calculation Date, the spot exchange rate for the purchase of U.S. dollars with the Scheduled Payment Currency determined in accordance with the Settlement Rate Option, provided that if such Spot Rate is not available, then the Alternative Currency Calculation Agent will determine

the Spot Rate (or a method for determining the Spot Rate), taking into consideration all available information that it deems relevant;

"**Trade Date**" means each date on which the Company concludes an agreement with one or more Dealers for the issue and sale of Notes which, in the case of a syndicated issue, shall be the execution date of the relevant subscription agreement;

"**USD Settlement Rate Option**" means, as specified in the relevant Final Terms, the USD Settlement Rate Option derived from such other "**Settlement Rate Options**", as may be included from time to time in Annex A to the 1998 FX and Currency Option Definitions, published by the International Swaps and Derivatives Association, Inc., the Emerging Markets Traders Association and the Foreign Exchange Committee or (ii) if "Alternative Currency Calculation Agent Determination" is specified as the USD Settlement Rate Option in the relevant Final Terms, such rate for the exchange of U.S. dollars into the Alternative Currency as determined by the Alternative Currency Calculation Agent, taking into consideration all available information that it deems relevant; and

"**USD Spot Rate**" means, for a Rate Calculation Date, the spot exchange rate for the purchase of the Alternative Currency with U.S. dollars in accordance with the USD Settlement Rate Option specified, provided that if such USD Spot Rate is not available, then the Alternative Currency Calculation Agent will determine the USD Spot Rate (or a method for determining the USD Spot Rate), taking into consideration all available information that it deems relevant.

7 Dated Subordinated Notes - Substitution or Variation following a Capital Disqualification Event

Where Capital Disqualification Event Substitution and Variation is specified in the Final Terms in respect of Dated Subordinated Notes as being applicable and the Company has satisfied the Trustee that a Capital Disqualification Event (as defined in Condition 5(*d*)) has occurred and is continuing, then the Company may, subject to the other provisions of this Condition 7 (without any requirement for the consent or approval of the Noteholders or the Trustee (subject to the notice requirements below)) either substitute all (but not some only) of the Dated Subordinated Notes for, or vary the terms of the Dated Subordinated Notes so that they remain or, as appropriate, become, Compliant Securities. Upon the expiry of the notice required by this Condition 7, the Company shall either vary the terms of, or substitute, the Dated Subordinated Notes in accordance with this Condition 7, as the case may be 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, the Company shall comply with the rules of any stock exchange on which such Notes are for the time being listed or admitted to trading.

Any substitution or variation in accordance with this Condition 7 is subject to the Company (i) obtaining the permission therefor from the Relevant Regulator, provided that at the relevant time such permission is required to be given; and (ii) giving not less than 30 nor more than 60 calendar days' notice to the Noteholders and the Couponholders (which notice shall be irrevocable), the Trustee and the Paying Agents, in accordance with Condition 15, which notice shall be irrevocable.

Any substitution or variation in accordance with this Condition 7 does not otherwise give the Company an option to redeem the relevant Notes under the Conditions.

Prior to the publication of any notice of substitution or variation pursuant to this Condition 7, the Company shall deliver to the Trustee a certificate signed by two authorised signatories of the Company stating that the Capital Disqualification Event giving rise to the right to substitute or vary has occurred and is continuing as at the date of the certificate and the Trustee shall accept such certificate without any further inquiry as sufficient

evidence of the occurrence of a Capital Disqualification Event in which event it shall be conclusive and binding on the Trustee, the Couponholders and the Noteholders.

The Trustee shall concur in the substitution of the Dated Subordinated Notes for, or the variation of the terms of the relevant Notes so that they remain or become, Compliant Securities, provided that the Trustee shall not be obliged to concur in any such substitution or variation if the terms of the proposed alternative Compliant Securities or the concurring in such substitution or variation would impose, in the Trustee's opinion, more onerous obligations upon it or require the Trustee to incur any liability for which it is not indemnified and/or secured and/or pre-funded to its satisfaction.

The Trustee may rely without liability to Noteholders or Couponholders 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 be binding on the Company, the Trustee, the Noteholders and the Couponholders.

As used in this Condition 7:

"**Compliant Securities**" means securities issued directly or indirectly by the Company that:

(a) are issued by the Company or any wholly-owned direct or indirect finance subsidiary of the Company with a subordinated guarantee of such obligations by the Company;

(b) rank (or if guaranteed by the Company benefit from a guarantee that ranks) equally with the ranking of the Dated Subordinated Notes;

(c) have terms not materially less favourable to Noteholders than the terms of the Dated Subordinated Notes (as reasonably determined by the Company in consultation with an independent investment bank of international standing, and provided that a certification to such effect of two Directors of the Company shall have been delivered to the Trustee prior to the issue of the relevant securities), provided that such securities

  (1) contain terms such that they comply with the then Regulatory Capital Requirements in relation to Tier 2 Capital;

  (2) include terms which provide for the same (or, from a Noteholder's perspective, more favourable) Rate of Interest from time to time, Interest Payment Dates, (in relation to any Dated Subordinated Notes) Maturity Date and Early Redemption Amount(s) as apply from time to time to the relevant Series of Dated Subordinated Notes immediately prior to such substitution or variation;

  (3) shall preserve any existing rights under the Conditions to any accrued interest, principal and/or premium which has not been satisfied;

  (4) do not contain terms providing for the mandatory or voluntary deferral of payments of principal and/or interest;

  (5) do not contain terms providing for loss absorption through principal write down, write-off or conversion to ordinary shares; and

  (6) are otherwise not materially less favourable to Noteholders;

(d) are listed on (i) the regulated market of the London Stock Exchange or (ii) such other United Kingdom or EEA regulated market as selected by the Company and approved in writing by the Trustee; and

(e) where the Dated Subordinated Notes which have been substituted or varied had a published rating from a Rating Agency immediately prior to their substitution or variation each such Rating Agency has ascribed, or announced its intention to ascribe, an equal or higher published rating to the relevant Dated Subordinated Notes.

"**Rating Agency**" means Fitch Ratings Limited or Moody's Investors Service Ltd. or S&P Global Ratings Europe Limited, UK Branch or their respective successors.

8 Taxation

All payments of principal and/or interest (if any) by or on behalf of the Company in respect of the Notes and the Coupons shall be made without withholding or deduction for or on account of any present or future tax, duty, assessment or governmental charge of whatsoever nature imposed, levied, collected, withheld or assessed by or on behalf of the United Kingdom or any authority thereof or therein having power to tax, unless such withholding or deduction is required by law. In that event, the Company shall (i) in the case of Unrestricted Events of Default Senior Notes, pay such additional amounts in relation to principal and/or interest (if any), or (ii) in the case of Restricted Events of Default Senior Notes and Dated Subordinated Notes, pay such additional amounts in relation to interest only, as will result (after such withholding or deduction) in receipt by the Noteholders and the Couponholders of the amount of (in the case of Unrestricted Events of Default Senior Notes only) principal and (in the case of any Notes) interest (if any) which would have been receivable (in the absence of such withholding or deduction) from it in respect of their Notes and/or Coupons, as the case may be; except that no such additional amounts shall be payable with respect to any Note or Coupon:

(a) presented for payment by or on behalf of any holder who is liable to such tax, duty, assessment or governmental charge in respect of such Note or Coupon by reason of such holder having some connection with the United Kingdom other than the mere holding of such Note or Coupon; or

(b) to, or to a third party on behalf of, a holder if such withholding or deduction may be avoided by complying with any statutory requirement or by making a declaration of non-residence or other similar claim for exemption to any authority of or in the United Kingdom, unless such holder proves that he is not entitled so to comply or to make such declaration or claim; or

(c) to, or to a third party on behalf of, a holder that is a partnership, or a holder that is not the sole beneficial owner of the Note or Coupon, or which holds the Note or Coupon in a fiduciary capacity, to the extent that any of the members of the partnership, the beneficial owner or the settlor or beneficiary with respect to the fiduciary would not have been entitled to the payment of an additional amount had each of the members of the partnership, the beneficial owner, settlor or beneficiary (as the case may be) received directly his beneficial or distributive share of the payment; or

(d) presented for payment more than 30 days after the Relevant Date except to the extent that the holder thereof would have been entitled to such additional amounts on presenting the same for payment at the expiry of such period of 30 days.

Notwithstanding any other provision of the Conditions or the Trust Deed, any amounts to be paid on the Notes by or on behalf of the Company, will be paid net of any deduction or withholding imposed or required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986, as amended (the "**Code**"), or otherwise imposed pursuant to Sections 1471 through 1474 of the Code (or any regulations thereunder or official interpretations thereof) or an intergovernmental agreement between the United States and another jurisdiction facilitating the implementation thereof (or any fiscal or regulatory legislation, rules or practices implementing such an intergovernmental agreement) (any such withholding or deduction, a "**FATCA Withholding**"). Neither the Company nor any other person will be required to pay any additional amounts in respect of FATCA Withholding.

As used herein:

The "**Relevant Date**" in respect of any payment means the date on which such payment first becomes due or (if the full amount of the moneys payable has not been duly received by the Issuing and Paying Agent or the Trustee on or prior to such date) the date on which notice is given to the Noteholders that such moneys have been so received.

References in these Conditions to (i) "**principal**" shall be deemed to include any premium payable in respect of the Notes, Final Redemption Amounts, Early Redemption Amounts, Optional Redemption Amounts, Amortised Face Amounts and all other amounts in the nature of principal payable pursuant to Condition 5 or any amendment or supplement to it, (ii) "**interest**" shall be deemed to include all Interest Amounts and all other amounts payable pursuant to Condition 4 or any amendment or supplement to them and (iii) "**principal**" and/or "**interest**" (other than such interest as is referred to in Condition 10(*g*)) shall be deemed to include any additional amounts that may be payable under this Condition 8 or under any obligations undertaken in addition thereto or in substitution therefor under the Trust Deed.

For the avoidance of doubt, the Company shall not pay any additional amounts under this Condition 8 in respect of the principal of a Dated Subordinated Note.

9 Prescription

Claims for payment of principal (excluding principal comprised in a withheld amount) will become void 12 years, and claims for payment of interest (other than interest comprised in, or accrued on, a withheld amount) will become void six years, after the Relevant Date (as defined in Condition 8) relating thereto. Claims in respect of principal comprised in a withheld amount and claims in respect of interest comprised in, or accrued on, a withheld amount will, in the case of such principal, become void 12 years and will, in the case of such interest, become void six years after the due date for payment thereof as specified in Condition 10(*f*) or, if the full amount of the moneys payable has not been duly received by the Issuing and Paying Agent, another Paying Agent, the Registrar, a Transfer Agent or the Trustee, as the case may be, on or prior to such date, the date of which notice is given in accordance with Condition 15 that the relevant part of such moneys has been so received.

The prescription period in respect of Talons shall be:

(a) as to any Talon the original due date for exchange of which falls within the 12 years immediately prior to the due date for redemption (pursuant to Condition 5) of the Note to which it pertains, six years from the Relevant Date for the redemption of such Note, but so that the Coupon sheet for which it is exchangeable shall be issued without any Coupon itself prescribed in accordance with this Condition 9 or the Relevant Date for payment of which would fall after the Relevant Date for the redemption of the relevant Note and without a Talon; and

(b) as to any other Talon, 12 years from the Relevant Date for payment of the last Coupon of the Coupon sheet of which it formed part.

10 Events of Default and Enforcement

(a) If the Company shall not make payment of any principal or any interest in respect of the Notes for a period of 14 days or more after the due date for the same, the Trustee may:

(i) in respect of Unrestricted Events of Default Senior Notes, at any time at its discretion and without notice institute such proceedings and/or take such other action as it may think fit against or in relation to the Company to enforce its obligations under the Unrestricted Events of Default Senior Notes; or

(ii) in respect of Restricted Events of Default Senior Notes and Dated Subordinated Notes, institute proceedings for the winding-up of the Company, but may (without prejudice to Conditions 3*(c)* or 10*(b)*) take no other action in respect of such default,

provided that it shall not have the right to institute such proceedings and/or, as the case may be, to take such other action if the Company withholds or refuses any such payment (A) (subject to Condition 8) in order to comply with any fiscal or other law or regulation, with the order of any court of competent jurisdiction or with any agreement between the Company and any taxing authority, in each case applicable to such payment, the Company, the relevant Paying Agent, Transfer Agent or Registrar or the holder of the Note or Coupon or (B) (subject as provided in the Trust Deed) in case of doubt as to the validity or applicability of any such law, regulation or order, in accordance with advice as to such validity or applicability given at any time during the said period of 14 days by independent legal advisers acceptable to the Trustee.

For the purposes of this Condition 10, "**Restricted Events of Default Senior Notes**" means any Senior Notes which specify in the Final Terms that Senior Notes Restricted Events of Default are applicable and "**Unrestricted Events of Default Senior Notes**" shall mean all other Senior Notes.

(b) In respect of Senior Notes, if otherwise than for the purposes of reconstruction or amalgamation on terms previously approved in writing by the Trustee, an order is made or an effective resolution is passed for winding-up the Company, the Trustee may at its discretion give notice to the Company that the Senior Notes are, and they shall accordingly immediately become, due and repayable at their Early Redemption Amount, together with accrued interest (calculated as provided in the Trust Deed).

(c) The Trustee shall not be bound to institute proceedings and/or take the action referred to in Condition 3*(c)*, 10*(a)*, 10*(b)* or 10*(d)* to enforce the obligations of the Company in respect of the Notes and Coupons or to take any other actions under the Trust Deed unless (i) it shall have been so requested by Extraordinary Resolution (as defined in the Trust Deed) of the Noteholders or in writing by the holders of at least one-fifth in nominal amount of the Notes then outstanding (as defined in the Trust Deed) and (ii) it shall have been indemnified and/or secured and/or pre-funded to its satisfaction.

(d) No Noteholder or Couponholder shall be entitled to institute such proceedings and/or take such other action as is referred to in Condition 10*(a)*(i) above or institute proceedings for the winding-up of the Company as is referred to in Condition 10*(a)*(ii) above, or to prove in such winding-up, except that if the Trustee, having become bound to proceed against the Company as aforesaid, fails (or is unable) to do so, or, being able to prove in such winding-up, fails to do so, in either case within a reasonable period and such failure (or inability) is continuing, then any such holder may, on giving an indemnity satisfactory to the Trustee, in the name of the Trustee (but not otherwise), himself institute such proceedings and/or take such other action or institute proceedings for the winding-up of the Company and/or prove in such winding-up to the same extent (but not further or otherwise) that the Trustee would have been entitled so to do. In the case of Restricted Events of Default Senior Notes and Dated Subordinated Notes, no remedy against the Company, other than the institution of proceedings for the winding-up of the Company or, as the case may be, proving in the winding-up of the Company in the manner and by the persons aforesaid, shall be available to the Trustee or the Noteholders or Couponholders, whether for the recovery of amounts owing in respect of the Notes or under the Trust Deed or in respect of any breach by the Company of any of its obligations under the Notes or the Trust Deed (other than for recovery of the Trustee's remuneration or expenses).

(e) The Company has undertaken in the Trust Deed to pay UK stamp and other duties (if any) on or in connection with the execution of the Trust Deed and UK, Belgian (in the case of Notes other than CMU Notes), Luxembourg (in the case of Notes other than CMU Notes) and Hong Kong (in the case of CMU

Notes only) stamp and other duties or taxes (if any) payable on or in connection with the constitution and original issue of any Global Note or any Global Certificate or the Definitive Notes or the Coupons (provided such stamp and other duties or taxes result from laws applicable on or prior to the date 40 days after the Issue Date specified in the Final Terms of such Notes and, in the case of exchange of Global Notes for Definitive Notes, such tax results from laws applicable on or prior to the date of such exchange) and stamp and other duties or taxes (if any) payable in the United Kingdom (but not elsewhere) solely by virtue of and in connection with any permissible proceedings under the Trust Deed or the Notes to enforce the provisions of the Notes, Certificates, Coupons, Talons or the Trust Deed, save that the Company shall not be liable to pay any such stamp or other duties or taxes to the extent that the obligation arises or the amount payable is increased by reason of the holder at the relevant time unreasonably delaying in producing any relevant document for stamping or similar process. Subject as aforesaid, the Company will not be otherwise responsible for stamp or other duties or taxes otherwise imposed and in particular (but without prejudice to the generality of the foregoing) for any penalties arising on account of late payment where due by the holder at the relevant time. Any such stamp or other duties or taxes that might be imposed upon or in respect of Notes in temporary global, permanent global or definitive form or the Coupons or Talons (in each case other than as aforesaid) are the liability of the holders thereof.

(f) If payment to any Noteholder of any amount due in respect of the Notes (other than interest) is improperly withheld or refused (any withholding or refusal effected in reliance upon the proviso to Condition 10*(a)* where the relevant law, regulation or order proves subsequently not to be valid or applicable shall be treated, for the purpose of ascertaining entitlement to accrued interest but not for any other purpose, as if it had been at all times an improper withholding or refusal), interest shall accrue until, but excluding, the date on which notice is given in accordance with Condition 15 that the full amount in the Specified Currency payable in respect of such Notes is available for payment or the date of payment, whichever first occurs and shall be calculated by applying the Rate of Interest determined in accordance with these Conditions on the first day of the then current Interest Period (and each relevant Interest Period (if any) thereafter) to such amount withheld or refused, multiplying the sum by the relevant Day Count Fraction for such Interest Period and rounding the resultant figure to the nearest unit (as such term is defined in Condition 4*(f)*(iii)).

(g) If, in reliance upon the proviso to Condition 10*(a)*, payment of any amount (each a "**withheld amount**") in respect of the whole or any part of the principal and/or any interest due in respect of the Notes, or any of them, is not paid or provided by the Company to the Trustee or to the account of or with the Issuing and Paying Agent, or is withheld or refused by any of the Paying Agents, the Registrar or the Transfer Agents, in each case other than improperly within the meaning of Condition 10*(e)*, or which is paid or provided after the due date for payment thereof, such withheld amount shall, where not already an interest bearing deposit, if lawful, promptly be so placed, all as more particularly described in the Trust Deed. If subsequently it shall be or become lawful to make payment of such withheld amount in the Specified Currency, notice shall be given in accordance with Condition 15, specifying the date (which shall be no later than seven days after the earliest date thereafter upon which such interest bearing deposit falls or may (without penalty) be called due for repayment) on and after which payment in full of such withheld amount (or that part thereof which it is lawful to pay) will be made. In such event (but subject in all cases to any applicable fiscal or other law or regulation or the order of any court of competent jurisdiction), the withheld amount or the relevant part thereof, together with interest accrued thereon from, and including, the date the same was placed on deposit to, but excluding, the date upon which such interest bearing deposit was repaid, shall be paid to (or released by) the Issuing and Paying Agent for payment to the relevant holders of Notes and/or Coupons, as the case may be (or, if the Issuing and Paying Agent advises the Company of its inability to effect such payment, shall be paid to (or released

by) such other Paying Agent, Registrar or Transfer Agent (as the case may be) as there then may be or, if none, to the Trustee, in any such case for payment as aforesaid). For the purposes of Condition 10*(a)*, the date specified in the said notice shall become the due date for payment in respect of such withheld amount or the relevant part thereof. The obligations under this Condition 10(*g*) shall be in lieu of any other remedy otherwise available under these Conditions, the Trust Deed or otherwise in respect of such withheld amount or the relevant part thereof.

(h) Any interest payable as provided in Condition 10*(f)* above shall be paid net of any taxes applicable thereto and Condition 8 shall not apply in respect of the payment of any such interest.

11 Indemnification of the Trustee

The Trust Deed contains provisions for the indemnification of the Trustee and for its relief from responsibility, including provisions relieving it from taking proceedings unless indemnified and/or secured and/or prefunded to its satisfaction. The Trustee is entitled to enter into business transactions with the Company and/or any subsidiary and/or any holding company of the Company and/or any other subsidiary of any such holding company without accounting for any profit resulting therefrom.

12 Meetings of Noteholders, Modification, Waiver and Substitution

(a) Meetings of Noteholders

The Trust Deed contains provisions for convening meetings of Noteholders to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution (as defined in the Trust Deed) of a modification of any of these Conditions or any of the provisions of the Notes, the Coupons or the Trust Deed, except that certain provisions of the Trust Deed may only be modified subject to approval by Extraordinary Resolution passed at a meeting of Noteholders to which special quorum provisions shall have applied. Any Extraordinary Resolution duly passed shall be binding on Noteholders (whether or not they were present at the meeting at which such resolution was passed) and on all Couponholders.

These Conditions may be amended, modified or varied in relation to any Series of Notes.

(b) Modification of the Trust Deed

The Trustee may agree, without the consent of the Noteholders or Couponholders, to (i) any modification of any of the provisions of the Trust Deed that is of a formal, minor or technical nature or is made to correct a manifest error, and (ii) any other modification (except as mentioned in the Trust Deed), and any waiver or authorisation of any breach or proposed breach, of any of the provisions of the Trust Deed that is in the opinion of the Trustee not materially prejudicial to the interests of the Noteholders. In addition, the Trustee shall be obliged to concur with the Company in effecting any Benchmark Amendments in the circumstances and as otherwise set out in Condition 4(*j*) without the consent of the Noteholders or Couponholders. Any such modification, authorisation or waiver shall be binding on the Noteholders and the Couponholders and, if the Trustee so requires, such modification shall be notified to the Noteholders as soon as practicable in accordance with Condition 15.

(c) Substitution – Senior Notes

The Trustee shall agree, if requested by the Company and subject to such amendment of the Trust Deed and such other conditions as the Trustee may reasonably require, but without the consent of the Noteholders or the Couponholders, to the substitution, subject to the Notes and the Coupons being unconditionally and irrevocably guaranteed by the Company on an unsubordinated basis, of a subsidiary of the Company or a holding company of the Company or another subsidiary of any such holding

company in place of the Company as principal debtor under the Trust Deed, the Notes and the Coupons and as a party to the Agency Agreement.

(d) Substitution – Dated Subordinated Notes

Without prejudice to the provisions of Condition 7, the Trustee shall agree, if requested by the Company and subject to such amendment of the Trust Deed and such other conditions as the Trustee may reasonably require, but without the consent of the Noteholders or the Couponholders, to the substitution, subject to the Notes and the Coupons being irrevocably guaranteed by the Company on a subordinated basis equivalent to that mentioned in Condition 3(*c*), of a subsidiary of the Company or a holding company of the Company or another subsidiary of any such holding company in place of the Company as principal debtor under the Trust Deed, the Notes and the Coupons and as a party to the Agency Agreement and so that the claims of the Noteholders and the Couponholders may, in the case of the substitution of a holding company of the Company or a banking company (as defined in the Trust Deed) in the place of the Company, also be subordinated to the rights of depositors and other unsubordinated and (subject as follows) subordinated creditors of that holding company or banking company provided that such claims will rank at least *pari passu* with the claims of all holders of obligations of such substitute obligor which constitute, or would but for any applicable limitation on the amount of such capital constitute, Tier 2 Capital of such substitute obligor or the prudential group of which it forms a part.

(e) Change of Governing Law

In the case of a substitution pursuant to Condition 12(*c*) or Condition 12(*d*) the Trustee may in its absolute discretion agree, without the consent of the Noteholders or Couponholders, to a change of the law governing the Notes, the Coupons, the Talons and/or the Trust Deed and/or the Agency Agreement provided that such change would not in the opinion of the Trustee be materially prejudicial to the interests of the Noteholders.

(f) Entitlement of the Trustee

In connection with the exercise of its functions (including but not limited to those referred to in this Condition 12) the Trustee shall have regard to the interests of the Noteholders as a class and shall not have regard to the consequences of such exercise for individual Noteholders or Couponholders resulting from their being for any purpose domiciled or resident in, or otherwise connected with, or subject to the jurisdiction of, any particular territory. No Noteholder or Couponholder shall, in connection with any such modification, waiver, authorisation or substitution, be entitled to claim, and the Trustee shall not be entitled to require, from the Company any indemnification or payment in respect of any tax or other consequence of any such exercise upon individual Noteholders or Couponholders except to the extent provided for by Condition 8.

(g) Permission of the Relevant Regulator

Any substitution, variation or modification of the Notes or the Trust Deed is subject to the Company obtaining the permission therefor from the Relevant Regulator, provided that at the relevant time such permission is required to be given.

13 Replacement of Notes, Certificates, Coupons and Talons

(a) If a Note, Certificate, Coupon or Talon is lost, stolen, mutilated, defaced or destroyed, it may be replaced, subject to applicable laws, regulations and stock exchange or other relevant authority regulations, at the specified office of the Issuing and Paying Agent (in the case of Bearer Notes, Coupons or Talons) and of the Registrar (in the case of Certificates) or such other place of which

notice shall be given in accordance with Condition 15 in each case on payment by the claimant of the expenses incurred in connection therewith and on such terms as to evidence, security and indemnity (which may provide, *inter alia*, that if the allegedly lost, stolen or destroyed Note, Certificate, Coupon or Talon is subsequently presented for payment or, as the case may be, for exchange for further Coupons, there shall be paid to the Company on demand the amount payable by the Company in respect of such Note, Certificate, Coupon or further Coupons) and otherwise as the Company may require. Mutilated or defaced Notes, Certificates, Coupons or Talons must be surrendered before replacements will be issued. In addition, the Company may require the person requesting delivery of a replacement Note, Certificate, Coupon or Talon to pay, prior to delivery of such replacement Note, Certificate, Coupon or Talon, any stamp or other tax or governmental charges required to be paid in connection with such replacement. No replacement Note shall be issued having attached thereto any Coupon or Talon, claims in respect of which shall have become void pursuant to Condition 9.

(b) Where:

(i) a Talon (the "**relevant Talon**") has become prescribed in accordance with Condition 9; and

(ii) the Note to which the relevant Talon pertains has not become void through prescription; and

(iii) no Coupon sheet (or part thereof, being (a) Coupon(s) and/or a Talon, hereinafter called a "**part Coupon sheet**"), which Coupon sheet would have been exchangeable for the relevant Talon or for any subsequent Talon bearing the same serial number pertaining to such Note, has been issued; and

(iv) either no replacement Coupon sheet or part Coupon sheet has been issued in respect of any Coupon sheet or part Coupon sheet referred to in paragraph (iii) above or, in the reasonable opinion of the Company, there is no reasonable likelihood that any such replacement has been issued,

then upon payment by the claimant of the expenses incurred in connection therewith and on such terms as to evidence and indemnity or security as the Company may reasonably require there may be obtained at the specified office of the Issuing and Paying Agent (or such other place of which notice shall be given in accordance with Condition 15) a Coupon sheet or Coupon sheets or part Coupon sheet(s), as the circumstances may require, issued:

(A) in the case of a Note that has become due for redemption (x) without any Coupon itself prescribed in accordance with Condition 9 or the Relevant Date for payment of which would fall after the Relevant Date for the redemption of the relevant Note, and (y) without any Talon or Talons, as the case may be; or

(B) in any other case, without any Coupon or Talon itself prescribed in accordance with Condition 9 and without any Talon pertaining to a Coupon sheet the Relevant Date of the final Coupon of which falls on or prior to the date when the Coupon sheet(s) or part Coupon sheet(s) is (are) delivered to or to the order of the claimant, but in no event shall any Coupon sheet be issued the original due date for exchange of which falls after the date of delivery of such Coupon sheet(s) as aforesaid.

For the avoidance of doubt, the provisions of this Condition 13(*b*) shall not give, or revive, any rights in respect of any Talon that has become prescribed in accordance with Condition 9.

14 Further Issues

The Company may from time to time without the consent of the Noteholders or Couponholders create and issue further notes having the same terms and conditions as the Notes in all respects (or in all respects except for the first payment of interest on them) and so that such further notes shall be consolidated and form a single Series with the Notes. References in these Conditions to the Notes include (unless the context requires otherwise) any other notes issued pursuant to this Condition and forming a single Series with the Notes. The Trust Deed contains provisions for convening a single meeting of the Noteholders and the holders of notes of other Series in certain circumstances where the Trustee so decides.

15 Notices

Notices to the holders of Bearer Notes shall be valid if published in a daily newspaper of general circulation in the United Kingdom (which is expected to be the Financial Times). If in the opinion of the Trustee any such publication is not practicable, notice shall be validly given if published in another leading daily English language newspaper with general circulation in the United Kingdom, approved by the Trustee. Any such notice shall be deemed to have been given on the date of such publication or, if published more than once or on different dates, on the first date on which such publication is made.

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

Notices to the holders of Registered Notes shall be mailed to them at their respective addresses in the Register and shall be deemed to have been given on the weekday (being a day other than a Saturday or a Sunday) after the date of mailing provided that, if at any time by reason of the suspension or curtailment (or expected suspension or curtailment) of postal services within the United Kingdom or elsewhere the Company is unable effectively to give notice to holders of Registered Notes through the post, notices to holders of Registered Notes will be valid if given in the same manner as other notices as set out above.

16 Governing Law and Jurisdiction etc.

(a) Governing Law

The Trust Deed, the Notes, the Coupons, the Talons and any non-contractual obligations arising out of or in connection with them are governed by, and shall be construed in accordance with, the laws of England, save that the provisions of Condition 3 (and related provisions of the Trust Deed) relating to subordination and set-off are governed by, and shall be construed in accordance with, the laws of Scotland.

(b) Jurisdiction

The courts of England are to have jurisdiction to settle any disputes that may arise out of or in connection with the Trust Deed or the Notes (other than Condition 3 (and related provisions of the Trust Deed) relating to the subordination and set-off of Notes ("**Excluded Matters**"), in respect of which the Court of Session in Scotland shall have jurisdiction) and accordingly any legal action or proceedings arising out of or in connection with the Trust Deed or any Notes ("**Proceedings**") may be brought in such courts.

The Company has in the Trust Deed irrevocably submitted to the jurisdiction of the courts of England in respect of any such Proceedings (other than in respect of Excluded Matters) and to the jurisdiction of the Court of Session in Scotland in respect of any Proceedings relating to Excluded Matters. Service of process in any Proceedings in England may be effected by delivery to the Company's place of business in England at 6th Floor, 33 Old Broad Street, London EC2N 1HZ or such other address as may be notified to the Trustee.

(c) Third Party Rights

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

(d) Recognition of UK Bail-in Power

Notwithstanding, and to the exclusion of, any other term of any Series of Notes or any other agreements, arrangements, or understandings between the Company and any Noteholder (or the Trustee on behalf of such Noteholders), by its acquisition of the Notes, each Noteholder acknowledges and accepts that the Amounts Due arising under the Notes may be subject to the exercise of the UK Bail-in Power by the Resolution Authority, and acknowledges, accepts, consents, and agrees to be bound by:

(i) the effect of the exercise of the UK Bail-in Power by the Resolution Authority, that may include and result in any of the following, or some combination thereof:

(A) the reduction of all, or a portion, of the Amounts Due;

(B) the conversion of all, or a portion, of the Amounts Due on the Notes into shares, other securities or other obligations of the Company or another person (and the issue to or conferral on the Noteholder of such shares, securities or obligations), including by means of an amendment, modification or variation of the terms of the Notes;

(C) the cancellation of the Notes;

(D) the amendment or alteration of the maturity of the Notes or amendment of the amount of interest payable on the Notes, or the date on which the interest becomes payable, including by suspending payment for a temporary period;

(ii) the variation of the terms of the Notes, if necessary, to give effect to the exercise of the UK Bail-in Power by the Resolution Authority.

No repayment or payment of Amounts Due on the Notes or the Coupons, will become due and payable or be paid after the exercise of any UK Bail-in Power by the Resolution Authority if and to the extent such amounts have been reduced, converted, cancelled, suspended (for so long as such suspension or moratorium is outstanding), amended or altered as a result of such exercise.

Neither a reduction or cancellation, in part or in full, of the Amounts Due or the conversion thereof into another security or obligation of the Company or another person, as a result of the exercise of the UK Bail-in Power by the Resolution Authority with respect to the Company, nor the exercise of the UK Bail-in Power by the Resolution Authority with respect to the Notes will be a default or an event of default for any purpose.

Upon the exercise of the UK Bail-in Power by the Resolution Authority with respect to any Notes, the Company shall promptly give notice to the Noteholders, the Trustee and the Paying Agents, in accordance with Condition 15. Any delay or failure by the Company in delivering any notice referred to in this Condition shall not affect the validity and enforceability of the UK Bail-in Power.

For the purposes of this Condition 16(*d*), "**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.

In this Condition 16(*d*), 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

1 Initial Issue of Notes

If the Global Notes or the Global Certificates are stated in the relevant Final Terms or Pricing Supplement to be issued in NGN form or if they are to be held under the NSS (as the case may be), (i) the Global Notes or the Global Certificates will be delivered on or prior to the original issue date of the Tranche to a Common Safekeeper and (ii) the Final Terms or Pricing Supplement will indicate whether or not such Global Notes or the Global Certificates are intended to be held in a manner which would allow Eurosystem eligibility. Depositing the Global Notes or the Global Certificates with the Common Safekeeper does not necessarily mean that the Notes will be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem either upon issue, or at any or all times during their life. Such recognition will depend upon satisfaction of the Eurosystem eligibility criteria.

Global Notes which are issued in CGN form and Global Certificates which are not held under the NSS may be delivered on or prior to the original issue date of the Tranche to a Common Depositary (as defined below) or, in respect of a Global Note or a Global Certificate representing CMU Notes, to a sub-custodian nominated by the HKMA as operator of the CMU Service (the "**CMU Operator**").

Upon the initial deposit of a Global Note in CGN form with a common depositary for Euroclear and Clearstream, Luxembourg (the "**Common Depositary**") or registration of Registered Notes in the name of any nominee for Euroclear and Clearstream, Luxembourg and delivery of the relative Global Certificate to the Common 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. If the Global Note is an NGN, the nominal amount of the Notes shall be the aggregate amount from time to time entered in the records of Euroclear or Clearstream, Luxembourg. The records of such clearing system shall be conclusive evidence of the nominal amount of Notes represented by the Global Note and a statement issued by such clearing system at any time shall be conclusive evidence of the records of the relevant clearing system at that time.

Notes that are initially deposited with the Common Depositary or the Common Safekeeper, as the case may be, may also be credited to the accounts of subscribers with (if indicated in the relevant Final Terms or Pricing Supplement) 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.

A Global Note or Global Certificate representing CMU Notes will be held for the account of any members of the CMU Service (each, a "**CMU Member**") who have accounts with the CMU Operator, or the CMU participants. Persons holding a beneficial interest in the CMU Notes through Euroclear or Clearstream, Luxembourg will hold their interests through an account opened and held by Euroclear or Clearstream, Luxembourg with the CMU Operator. Interests in a Global Note or Global Certificate representing CMU Notes will only be shown on, and transfers of interests will be effected through, records maintained by the CMU Operator.

2 Relationship of Accountholders with Clearing Systems

Each of the persons shown in the records of Euroclear, Clearstream, Luxembourg or any other permitted clearing system ("**Alternative Clearing System**") as the holder of a Note represented by a Global Note or a Global Certificate (each an "**Accountholder**") (in which regard any certificate or other document issued by Euroclear, Clearstream, Luxembourg or such Alternative Clearing System as to the nominal amount of Notes standing to the account of any person shall be conclusive and binding for all purposes) shall be treated as the holder of such nominal amount of such Notes for all purposes (including for the purposes of any quorum

requirements of, or the right to demand a poll at, meetings of the Noteholders) other than in respect of the payment of principal and interest on such Notes, the right to which shall be vested, as against the Company and the Trustee, solely in the bearer of the relevant Global Note or the registered holder of the relevant Global Certificate in accordance with and subject to its terms and the terms of the Trust Deed. Accountholders shall have no claim directly against the Company 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 Company will be discharged by payment to or to the order of the bearer of such Global Note or the holder of the underlying Registered Notes, as the case may be, in respect of each amount so paid.

While a Global Note or a Global Certificate representing CMU Notes is held by or on behalf of the CMU Operator, payments of interest or principal will be made to the persons for whose account a relevant interest in such Global Note or Global Certificate is credited as being held by the CMU Operator at the relevant time, as notified to the CMU Issuing and Paying Agent by the CMU Operator in a relevant CMU Instrument Position Report (as defined in the rules of the CMU Service) or in any other relevant notification by the CMU Operator. Such payment will discharge the Company's obligations in respect of that payment. Any payments by the CMU participants to indirect participants will be governed by arrangements agreed between the CMU participants and the indirect participants and will continue to depend on the inter-bank clearing system and traditional payment methods. Such payments will be the sole responsibility of such CMU participants.

Payments, transfers, exchanges and other matters relating to interests in a Global Note or a Global Certificate representing a CMU Note may be subject to various policies and procedures adopted by the CMU Operator from time to time. None of the Company, the Dealers, the Trustee, the CMU Issuing and Paying Agent, the Registrar, the CMU Lodging Agent, nor any of their respective agents will have any responsibility or liability for any aspect of the CMU Operator's records relating to, or for payments made on account of, interests in a Global Note or Global Certificate representing a CMU Note, or for maintaining, supervising or reviewing any records relating to such interests.

3 Exchange

3.1 Temporary Global Notes

Each temporary Global Note will be exchangeable, free of charge to the holder, on or after its Exchange Date (as defined in paragraph 3.6 below):

(i) if the relevant Final Terms or Pricing Supplement indicates that such temporary Global Note is issued in compliance with TEFRA C or in a transaction to which TEFRA is not applicable (as to which, see "*Overview of the Programme — Selling Restrictions*"), in whole, but not in part, for the Definitive Notes, as defined and described below[1]; 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 relevant Final Terms or Pricing Supplement, for Definitive Notes.

The CMU Service may require that any such exchange for a permanent Global Note is made in whole and not in part, and in such event no such exchange will be effected until all relevant account holders (as set out in a CMU Instrument Position Report (as defined in the rules of the CMU Service) or any other relevant notification supplied to the CMU Lodging Agent by the CMU Service) have so certified.

[1] In relation to any issue of Notes which are expressed to be Temporary Global Notes exchangeable for Definitive Notes in accordance with this paragraph 3.1, such Notes shall be tradeable only in amounts of at least the Specified Denomination (or if more than one Specified Denomination, the minimum Specified Denomination provided herein and multiples thereof.

Each temporary Global Note that is also an Exchangeable Bearer Note will be exchangeable for Registered Notes in accordance with the Conditions in addition to any permanent Global Note or Definitive Notes for which it may be exchangeable and, before its Exchange Date, will also be exchangeable in whole or in part for Registered Notes only.

3.2 Permanent Global Notes

Each permanent Global Note will be exchangeable, free of charge to the holder, on or after its Exchange Date in whole but not, except as provided under paragraph 3.4 below, in part for Definitive Notes or, in the case of paragraph 3.2(i) below, Registered Notes:

(i) if the permanent Global Note is an Exchangeable Bearer Note, by the holder (acting on the instructions of the person(s) with beneficial interest(s) in such permanent Global Note) giving notice to the Issuing and Paying Agent of its election to exchange the whole or a part of such permanent Global Note for Registered Notes[2]; and

(ii) otherwise, (i) upon the happening of any of the events defined in the Trust Deed as "Events of Default"; or (ii) if Euroclear or Clearstream, Luxembourg or the CMU Service or an Alternative Clearing System is closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or announces an intention permanently to cease business or does in fact do so and no alternative clearance system satisfactory to the Trustee is available.

3.3 Global Certificates

If the relevant Final Terms or Pricing Supplement state that the Notes are to be represented by a Global Certificate on issue, transfers of the holding of Notes represented by any Global Certificate pursuant to Condition 2*(b)* may only be made in part:

(i) upon the happening of any of the events defined in the Trust Deed as "Events of Default"; or

(ii) if such Notes are held on behalf of Euroclear or Clearstream, Luxembourg or the CMU Service or an Alternative Clearing System and any such clearing system is closed for business for a continuous period of 14 days (other than by reason of holidays, statutory or otherwise) or announces an intention permanently to cease business or does in fact do so and no alternative clearance system satisfactory to the Trustee is available; or

(iii) with the consent of the Company,

provided that, in the case of the first transfer of part of a holding pursuant to paragraph 3.3(i) or 3.3(ii) above, the holder of the Registered Notes has given the Registrar not less than 30 days' notice at its specified office of the holder of the Registered Notes' intention to effect such transfer.

3.4 Partial Exchange of Permanent Global Notes

For so long as a permanent Global Note is held on behalf of a clearing system and the rules of that clearing system permit, such permanent Global Note will be exchangeable in part on one or more occasions (1) for Registered Notes if the permanent Global Note is an Exchangeable Bearer Note and the part submitted for exchange is to be exchanged for Registered Notes, or (2) for Definitive Notes if principal in respect of any Notes is not paid when due.

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[2] Not applicable to Notes with a minimum Specified Denomination plus a higher integral multiple of a smaller amount.

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.

3.5 Delivery of Notes

If the Global Note is a CGN, on or after any due date for exchange the holder of a Global Note may surrender such Global Note or, in the case of a partial exchange, present it for endorsement to or to the order of the relevant Issuing and Paying Agent. In exchange for any Global Note, or the part thereof to be exchanged, the Company will (i) in the case of a temporary Global Note exchangeable for a permanent Global Note, deliver, or procure the delivery of, a permanent Global Note in an aggregate nominal amount equal to that of the whole or that part of a temporary Global Note that is being exchanged or, in the case of a subsequent exchange, endorse, or procure the endorsement of, a permanent Global Note to reflect such exchange or (ii) in the case of a Global Note exchangeable for Definitive Notes or Registered Notes, deliver, or procure the delivery of, an equal aggregate nominal amount of duly executed and authenticated Definitive Notes and/or Certificates, as the case may be or (iii) if the Global Note is a NGN, the Company will procure that details of such exchange be entered *pro rata* in the records of the relevant clearing system. In this Prospectus, "**Definitive Notes**" means, in relation to any Global Note, the definitive Bearer Notes for which such Global Note may be exchanged (if appropriate, having attached to them, if applicable, all Coupons in respect of interest that has not already been paid on the Global Note and, if applicable, a Talon). Definitive Notes will be security printed and Certificates will be printed in accordance with any applicable legal and stock exchange requirements in or substantially in the form set out in the Schedules to the Trust Deed. On exchange in full of each permanent Global Note, the Company will, if the holder so requests, procure that it is cancelled and returned to the holder together with the relevant Definitive Notes.

3.6 Exchange Date

"**Exchange Date**" means, in relation to a temporary Global Note, the day falling after the expiry of 40 days after its issue date and, in relation to a permanent Global Note, a day falling not less than 60 days, or in the case of an exchange for Registered Notes five days, after that on which the notice requiring exchange is given and on which banks are open for business in the city in which the specified office of the Issuing and Paying Agent is located and in the city in which the relevant clearing system is located.

4 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 Conditions. The following is a summary of certain of those provisions:

4.1 Payments

No payment falling due after the Exchange Date will be made on any Global Note unless exchange for an interest in a permanent Global Note or for Definitive Notes or Registered Notes is improperly withheld or refused. Payments on any temporary Global Note issued in compliance with TEFRA D before the Exchange Date will only be made against presentation of certification as to non-U.S. beneficial ownership. All payments in respect of Notes represented by a Global Note in CGN form will be made against presentation for endorsement (provided that, in respect of CMU Notes, the crediting of interests in the relevant Global Note in the CMU Service shall be deemed to be presentation of such Global Note) and, if no further payment falls to be made in respect of the Notes, surrender of that Global Note to or to the order of the Issuing and Paying Agent or such other Paying Agent as shall have been notified to the Noteholders for such purpose. If the Global Note is a CGN, a record of each payment so made will be endorsed on each Global Note, which endorsement will be *prima facie* evidence that such payment has been made in respect of the Notes. If the Global Note is a NGN, or

if the Global Certificate is held under the NSS, the Company shall procure that details of each such payment shall be entered *pro rata* in the records of the relevant clearing system and in the case of payments of principal, the nominal amount of the Notes recorded in the records of the relevant clearing system and represented by the Global Note or the Global Certificate will be reduced accordingly. Payments under a NGN will be made to its holder. Each payment so made will discharge the Company's obligations in respect thereof. Any failure to make the entries in the records of the relevant clearing system shall not affect such discharge. For the purpose of any payments made in respect of a Global Note, the relevant place of presentation shall be disregarded in the definition of "**business day**" set out in Condition 6*(h)* (Non-Business Days).

All payments in respect of Notes represented by a Global Certificate will be made to, or to the order of, the person whose name is entered on the Register at the close of business on the record date which shall be on the Clearing System Business Day immediately prior to the date for payment, where Clearing System Business Day means Monday to Friday inclusive except 25 December and 1 January.

While a Global Note or a Global Certificate representing the CMU Notes is held by or on behalf of the CMU Operator, payments of interest or principal will be made to the persons for whose account a relevant interest in the Global Certificate is credited as being held by the CMU Operator at the relevant time, as notified to the relevant Paying Agent by the CMU Operator in a relevant CMU Instrument Position Report or in any other relevant notification by the CMU Operator. Such payment will discharge the Company's obligations in respect of that payment. Any payments by the CMU participants to indirect participants will be governed by arrangements agreed between the CMU participants and the indirect participants and will continue to depend on the inter-bank clearing system and traditional payment methods. Such payments will be the sole responsibility of such CMU participants. Unless otherwise specified in the relevant Final Terms or Pricing Supplement, while a CMU Note is lodged with the CMU Service, "**business day**" and "**Business Day**" shall mean a business day or Business Day (as each term is defined in the Conditions) on which, in addition to the requirements set out in the Conditions or in the relevant Final Terms or Pricing Supplement, the CMU Service is also operating.

Payments, transfers, exchanges and other matters relating to interests in a Global Note or a Global Certificate representing CMU Notes may be subject to various policies and procedures adopted by the CMU Operator from time to time. None of the Company, the Dealers, the Trustee, the CMU Issuing and Paying Agent, the Registrar or the CMU Lodging Agent, or any of their respective agents, will have any responsibility or liability for any aspect of the CMU Operator's records relating to, or for payments made on account of, interests in such a Global Note or Global Certificate, or for maintaining, supervising or reviewing any records relating to such interests.

Payments of interest (if any) in respect of Notes represented by a Global Note or a Global Certificate shall be made at the rates, on the dates for payment and in accordance with the methods of calculation provided for in the Conditions relating to such Notes.

4.2 Prescription

Claims against the Company in respect of Notes that are represented by a permanent Global Note will become void unless it is presented for payment within a period of 12 years (in the case of principal) or six years (in the case of interest) from the appropriate Relevant Date (as defined in Condition 8).

4.3 Cancellation

Cancellation of any Note represented by a Global Note that is required by the Conditions to be cancelled (other than upon its redemption) will be effected by reduction in the nominal amount of the relevant Global Note.

4.4 Purchase

Notes represented by a permanent Global Note may only be purchased by the Company, or any of its subsidiaries or any holding company of the Company or any other subsidiary of any such holding company if they are purchased together with the right to receive all future payments of interest (if any) thereon.

4.5 Company's Option

Any option of the Company provided for in the Conditions of any Notes while such Notes are represented by a permanent Global Note shall be exercised by the Company giving notice to the Noteholders within the time limits set out in and containing the information required by the Conditions, except that the notice shall not be required to contain the certificate numbers of Notes drawn in the case of a partial exercise of an option and accordingly no drawing of Notes shall be required. In the event that any option of the Company is exercised in respect of some but not all of the Notes of any Series, the rights of Accountholders in respect of the Notes will be governed by the standard procedures of Euroclear and/or Clearstream, Luxembourg (to be reflected in the records of Euroclear and Clearstream, Luxembourg as either a pool factor or a reduction in nominal amount, at their discretion) or any other Alternative Clearing System (as the case may be).

4.6 Noteholders' Options

Any option of the Noteholders provided for in the Conditions of any Notes while such Notes are represented by a permanent Global Note may be exercised by the holder of the permanent Global Note giving notice to the Issuing and Paying Agent (electronically or otherwise) within the time limits relating to the deposit of Notes with a Paying Agent set out in the Conditions substantially in the form of, or containing substantially similar information as contained in, the notice available from any Paying Agent, except that the notice shall not be required to contain the certificate numbers of the Notes in respect of which the option has been exercised, and stating the nominal amount of Notes in respect of which the option is exercised and at the same time, where the permanent Global Note is a CGN, presenting the permanent Global Note to the Issuing and Paying Agent, or to a Paying Agent acting on behalf of the Issuing and Paying Agent, for notation. Where the Global Note is a NGN, or where the Global Certificate is held under the NSS, the Company shall procure that details of such exercise shall be entered *pro rata* in the records of the relevant clearing system and the nominal amount of the Notes recorded in those records will be reduced accordingly.

4.7 NGN Nominal Amount

Where the Global Note is a NGN, the Company shall procure that any exchange, payment, cancellation, exercise of any option or any right under the Notes, as the case may be, in addition to the circumstances set out above shall be entered in the records of the relevant clearing systems and upon any such entry being made, in respect of payments of principal, the nominal amount of the Notes represented by such Global Note shall be adjusted accordingly.

4.8 Trustee's Powers

In considering the interests of Noteholders while any Global Note is held on behalf of, or Registered Notes 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 Registered Notes and may consider such interests as if such Accountholders were the holders of the Notes represented by such Global Note or Global Certificate.

4.9 Notices

Subject to the immediately following paragraph, so long as any Notes are represented by a Global Note or a Global Certificate and such Global Note or Global Certificate is held on behalf of a clearing system, notices to the holders of Notes of that Series may be given by delivery of the relevant notice to that clearing system for

communication by it to the relative Accountholders in substitution for publication as required by the Conditions or by delivery of the relevant notice to the holder of the Global Note or Global Certificate. Any such notice shall be deemed to have been given to the holders of the Notes on the second business day after such notice is delivered to that clearing system for communication by it to the holders.

For so long as all CMU Notes are represented by a Global Note or a Global Certificate and the Global Note or Global Certificate is held on behalf of the CMU Operator, notices to holders of the CMU Notes may, in substitution for publication as required by the Conditions, be given by delivery of the relevant notice to the persons shown in a CMU Instrument Position Report (as defined in the rules of the CMU Service) issued by the CMU Operator on the business day preceding the date of despatch of such notice as holding interests in such Global Note or Global Certificate for communication to the CMU participants. Any such notice shall be deemed to have been given to the holders of CMU Notes on the second business day after such notice is delivered to the persons shown in the relevant CMU Instrument Position Report as aforesaid. Indirect participants will have to rely on the CMU participants (through whom they hold the CMU Notes, in the form of interests in a Global Note or a Global Certificate) to deliver the notices to them, subject to the arrangements agreed between the indirect participants and the CMU participants.

5 CMU

The CMU Operator is under no obligation to maintain or continue to operate the CMU Service nor to perform or continue to perform the procedures described above. Accordingly, the CMU Service and such procedures may be discontinued or modified at any time. None of the Company, the Dealers, the Trustee, the CMU Issuing and Paying Agent, the Registrar, the CMU Lodging Agent, nor any of their respective agents will have any responsibility for the performance by the CMU Operator or the CMU participants of their respective obligations under the rules and procedures governing their operations.

A Global Note or Global Certificate representing CMU Notes will be held for the account of CMU Members who have accounts with the CMU Operator, or the CMU participants. Interests in such Global Note or Global Certificate will only be shown on, and transfers of interests will be effected through, records maintained by the CMU Operator.

6 Electronic Consent and Written Resolution

While any Global Note is held on behalf of, or any Global Certificate is registered in the name of any nominee for, a clearing system, then:

(i) approval of a resolution proposed by the Company or the Trustee (as the case may be) given by way of electronic consents communicated through the electronic communications systems of the relevant clearing system(s) in accordance with their operating rules and procedures by or on behalf of the holders of not less than 90 per cent. in nominal amount of the Notes (an "**Electronic Consent**" as defined in the Trust Deed) shall, for all purposes (including matters that would otherwise require an Extraordinary Resolution to be passed at a meeting for which the special quorum requirements were satisfied), take effect as an Extraordinary Resolution passed at a meeting of Noteholders duly convened and held, and shall be binding on all Noteholders and holders of Coupons and Talons whether or not they participated in such Electronic Consent; and

(ii) where Electronic Consent is not being sought, for the purpose of determining whether a Written Resolution (as defined in the Trust Deed) has been validly passed, the Company and the Trustee shall be entitled to rely on consent or instructions given in writing directly to the Company and/or the Trustee, as the case may be, by Accountholders in the clearing system with entitlements to such Global Note or Global Certificate or, where the Accountholders hold any such entitlement on behalf of another person, on written consent from or written instruction by the person for whom such entitlement is ultimately

beneficially held, whether such beneficiary holds directly with the Accountholder or via one or more intermediaries and provided that, in each case, the Company and the Trustee have obtained commercially reasonable evidence to ascertain the validity of such holding and have taken reasonable steps to ensure that such holding does not alter following the giving of such consent or instruction and prior to the effecting of such amendment. Any resolution passed in such manner shall be binding on all Noteholders and Couponholders, even if the relevant consent or instruction proves to be defective. As used in this paragraph, "**commercially reasonable evidence**" includes any certificate or other document issued by Euroclear, Clearstream, Luxembourg or any other relevant clearing system, or issued by an Accountholder of them or an intermediary in a holding chain, in relation to the holding of interests in the Notes. Any such certificate or other document shall, in the absence of manifest error, be conclusive and binding for all purposes. Any such certificate or other document may comprise any form of statement or print out of electronic records provided by the relevant clearing system (including Euroclear's EUCLID or Clearstream, Luxembourg's CreationOnline system) in accordance with its usual procedures and in which the Accountholder of a particular principal or nominal amount of the Notes is clearly identified together with the amount of such holding. The Company shall not be liable to any person by reason of having accepted as valid or not having rejected any certificate or other document to such effect purporting to be issued by any such person and subsequently found to be forged or not authentic.

USE OF PROCEEDS

The net proceeds of each issue of Notes will be used for the general business purposes of Lloyds Banking Group. If, in respect of any particular issue, there is a particular identified use of proceeds, this will be stated in the applicable Final Terms or Pricing Supplement.

CLEARING AND SETTLEMENT

Book-Entry Ownership

Bearer Notes

The Company may make applications to Clearstream, Luxembourg and/or Euroclear for acceptance in their respective book-entry systems in respect of any Series of Bearer Notes. In respect of Bearer Notes, a temporary Global Note and/or a permanent Global Note in bearer form without coupons may be deposited with a common depositary or common safekeeper, as the case may be, for Clearstream, Luxembourg and/or Euroclear or an Alternative Clearing System (including, in the case of CMU Notes, the CMU Service) as agreed between the Company and relevant Dealer(s). Transfers of interests in such temporary Global Notes or permanent Global Notes will be made in accordance with the normal Euromarket debt securities operating procedures of Clearstream, Luxembourg and Euroclear or, if appropriate, the Alternative Clearing System. Each Global Note deposited with a common depositary or common safekeeper, as the case may be, on behalf of Euroclear and Clearstream, Luxembourg will have an ISIN and a Common Code. Global Notes deposited with a common depository or nominee or custodian of an Alternative Clearing System may have additional or alternative identifiers, as set out in the relevant Final Terms or Pricing Supplement.

Registered Notes

The Company may make applications to Clearstream, Luxembourg and/or Euroclear and/or an Alternative Clearing System (including, in the case of CMU Notes, the CMU Service) for acceptance in their respective book-entry systems in respect of the Registered Notes to be represented by a Global Certificate. Each Global Certificate deposited with a nominee for Clearstream, Luxembourg and/or Euroclear will have an ISIN and a Common Code. Global Certificates registered in the name of a nominee for an Alternative Clearing System may have additional or alternative identifiers, as set out in the relevant Final Terms or Pricing Supplement.

All Registered Notes will initially be in the form of a Global Certificate. Individual Certificates will only be available in amounts specified in the applicable Final Terms or Pricing Supplement.

Transfers of Registered Notes

Transfers of interests in Global Certificates within Clearstream, Luxembourg, Euroclear and the CMU Service will be in accordance with the usual rules and operating procedures of the relevant clearing system. The laws of some states in the United States require that certain persons take physical delivery in definitive form of securities. Consequently, the ability to transfer interests in a Global Certificate to such persons may be limited.

On or after the Issue Date for any Series, transfers of Notes of such Series between accountholders in Clearstream, Luxembourg and/or Euroclear and/or the CMU Service will generally have a settlement date three business days after the trade date (T+3). The customary arrangements for delivery versus payment will apply to such transfers.

Cross-market transfers between accountholders in Clearstream, Luxembourg, Euroclear and the CMU Service will need to have an agreed settlement date between the parties to such transfer.

Individual Certificates

Registration of title to Registered Notes in a name other than a depositary or its nominee for Clearstream, Luxembourg, Euroclear and the CMU Service or for an Alternative Clearing System will be permitted only in the circumstances set forth in "*Summary of Provisions Relating to the Notes while in Global Form – Exchange – Global Certificates*". In such circumstances, the Company will cause sufficient individual Certificates to be executed and delivered to the Registrar for completion, authentication and despatch to the relevant Noteholder(s). A person having an interest in a Global Certificate must provide the Registrar with a written

order containing instructions and such other information as the Company and the Registrar may require to complete, execute and deliver such individual Certificates.

CREST Depository Interests

Following their delivery into a clearing system, interests in Notes denominated in Sterling, euro and US dollars may be delivered, held and settled in CREST by means of the creation of CDIs representing the interests in the relevant Underlying Notes. The CDIs will be issued by CREST Depository Limited (the "**CREST Depository**") to CDI Holders and will be governed by English law.

The CDIs will represent indirect interests in the interest of CREST International Nominees Limited (the "**CREST Nominee**") in the Underlying Notes. Pursuant to the CREST Manual (as defined in paragraph (iv) below), Notes held in global form by the Common Depositary may be settled through CREST, and the CREST Depository will issue CDIs. The CDIs will be independent securities, constituted under English law which may be held and transferred through CREST.

Interests in the Underlying Notes will be credited to the CREST Nominee's account with Euroclear and the CREST Nominee will hold such interests as nominee for the CREST Depository which will issue CDIs to the relevant CREST participants.

Each CDI will be treated by the CREST Depository as if it were one Underlying Note, for the purposes of determining all rights and obligations and all amounts payable in respect thereof. The CREST Depository will pass on to CDI Holders any interest or other amounts received by it as holder of the Underlying Notes on trust for such CDI Holder. CDI Holders will also be able to receive from the CREST Depository notices of meetings of holders of Underlying Notes and other relevant notices issued by the Company.

Transfers of interests in Underlying Notes by a CREST participant to a participant of Euroclear or Clearstream, Luxembourg will be effected by cancellation of the CDIs and transfer of an interest in such Notes underlying the CDIs to the account of the relevant participant with Euroclear or Clearstream, Luxembourg.

The CDIs will have the same ISIN as the ISIN of the Underlying Notes and will not require a separate listing on the Official List.

Prospective subscribers for Notes represented by CDIs are referred to Chapter 8 of the CREST Manual which contains the form of the CREST Deed Poll to be entered into by the CREST Depository. The rights of the CDI Holders will be governed by the arrangements between CREST, Euroclear, Clearstream, Luxembourg and the Company including the CREST Deed Poll (in the form contained in Chapter 3 of the CREST International Manual (which forms part of the CREST Manual)) executed by the CREST Depository. These rights may be different from those of holders of Notes which are not represented by CDIs.

If issued, CDIs will be delivered, held and settled in CREST, by means of the CREST International Settlement Links Service (the "**CREST International Settlement Links Service**"). The settlement of the CDIs by means of the CREST International Settlement Links Service has the following consequences for CDI Holders:

(i) CDI Holders will not be the legal owners of the Underlying Notes. The CDIs are separate legal instruments from the Underlying Notes to which they relate and represent an indirect interest in such Underlying Notes.

(ii) The Underlying Notes themselves (as distinct from the CDIs representing indirect interests in such Underlying Notes) will be held in an account with a custodian. The custodian will hold the Underlying Notes through a clearing system. Rights in the Underlying Notes will be held through custodial and depositary links through the appropriate clearing systems. The legal title to the

Underlying Notes or to interests in the Underlying Notes will depend on the rules of the clearing system in or through which the Underlying Notes are held.

(iii) Rights under the Underlying Notes cannot be enforced by CDI Holders except indirectly through the intermediary depositaries and custodians described above. The enforcement of rights under the Underlying Notes will therefore be subject to the local law of the relevant intermediary. The rights of CDI Holders to the Underlying Notes are represented by the entitlements against the CREST Depository which (through the CREST Nominee) holds interests in the Underlying Notes. This could result in an elimination or reduction in the payments that otherwise would have been made in respect of the Underlying Notes in the event of any insolvency or liquidation of the relevant intermediary, in particular where the Underlying Notes held in clearing systems are not held in special purpose accounts and are fungible with other securities held in the same accounts on behalf of other customers of the relevant intermediaries.

(iv) The CDIs issued to CDI Holders will be constituted and issued pursuant to the CREST Deed Poll. CDI Holders will be bound by all provisions of the CREST Deed Poll and by all provisions of or prescribed pursuant to, the CREST International Manual dated 14 April 2008 as amended, modified, varied or supplemented from time to time (the "**CREST Manual**") and the CREST Rules (the "**CREST Rules**") (contained in the CREST Manual) applicable to the CREST International Settlement Links Service and CDI Holders must comply in full with all obligations imposed on them by such provisions.

(v) Potential investors should note that the provisions of the CREST Deed Poll, the CREST Manual and the CREST Rules contain indemnities, warranties, representations and undertakings to be given by CDI Holders and limitations on the liability of the issuer of the CDIs, the CREST Depository.

(vi) CDI Holders may incur liabilities resulting from a breach of any such indemnities, warranties, representations and undertakings in excess of the money invested by them. The attention of potential investors is drawn to the terms of the CREST Deed Poll, the CREST Manual and the CREST Rules, copies of which are available from CREST at 33 Cannon Street, London EC4M 5SB or by calling +44 (0) 207 849 0000 or from the CREST website at https://www.euroclear.com/en.html.

(vii) Potential investors should note CDI Holders may be required to pay fees, charges, costs and expenses to the CREST Depository in connection with the use of the CREST International Settlement Links Service. These will include the fees and expenses charged by the CREST Depository in respect of the provision of services by it under the CREST Deed Poll and any taxes, duties, charges, costs or expenses which may be or become payable in connection with the holding of the Notes through the CREST International Settlement Links Service.

(viii) Potential investors should note that neither the Company, the Trustee nor any Paying Agent will have any responsibility for the performance by any intermediaries or their respective direct or indirect participants or accountholders of their respective obligations under the rules and procedures governing their operations.

(ix) Potential investors should note that Notes issued in temporary global form exchangeable for a Permanent Global Security will not be eligible for CREST settlement as CDIs. As such, investors investing in the Underlying Notes through CDIs will only receive the CDIs after such Temporary Global Security is exchanged for a Permanent Global Security, which could take up to 40 days after the issue of the Notes.

(x) Potential investors should be aware that the creation of CDIs relating to the Notes could, if not completed correctly, result in a taxable charge for stamp duty reserve tax payable by such investors. A person creating a CDI will be required to provide confirmation to Euroclear that the Notes are exempt from the requirements to pay stamp duty reserve tax.

CMU

The CMU Service is a central depositary service provided by the Central Moneymarkets Unit of the HKMA for the safe custody and electronic trading between the CMU Members of capital markets instruments ("**CMU Instruments**") which are specified in the CMU Manual (as defined in the Trust Deed) as capable of being held within the CMU Service.

The CMU Service is only available to CMU Instruments issued by a CMU Member or by a person for whom a CMU Member acts as agent for the purposes of lodging instruments issued by such persons. Membership of the services is open to all members of the Hong Kong Capital Markets Association, "authorised institutions" under the Banking Ordinance (Cap. 155) of Hong Kong and other domestic and overseas financial institutions at the discretion of the HKMA.

Compared to clearing services provided by Euroclear and Clearstream, Luxembourg, the standard custody and clearing service provided by the CMU Service is limited. For example, the HKMA will not obtain certificates of non-U.S. beneficial ownership from CMU Members or provide any such certificates on behalf of CMU Members. The CMU Lodging Agent will collect such certificates from the relevant CMU Members identified from a CMU Instrument Position Report obtained by request from the HKMA for this purpose.

LLOYDS BANKING GROUP

Overview

Lloyds Banking Group is a leading provider of financial services to individual and business customers in the UK. The Company and the Bank both operate under the Companies Act 2006.

History and Development of Lloyds Banking Group

The history of the Group can be traced back to the 18th century when the banking partnership of Taylors and Lloyds was established in Birmingham, England. Lloyds Bank Plc was incorporated in 1865 and during the late 19th and early 20th centuries entered into a number of acquisitions and mergers, significantly increasing the number of banking offices in the UK. In 1995, it continued to expand with the acquisition of the Cheltenham and Gloucester Building Society.

TSB Group plc became operational in 1986 when, following UK Government legislation, the operations of four Trustee Savings Banks and other related companies were transferred to TSB Group plc and its new banking subsidiaries (the "**TSB Group**"). By 1995, the TSB Group had, either through organic growth or acquisition, developed life and general insurance operations, investment management activities, and a motor vehicle hire purchase and leasing operation to supplement its retail banking activities.

In 1995, TSB Group merged with Lloyds Bank Plc. Under the terms of the merger, the TSB and Lloyds Bank groups were combined under TSB Group, which was re-named Lloyds TSB Group plc ("**LTSB**"), with Lloyds Bank Plc, which was subsequently re-named Lloyds TSB Bank plc, the principal subsidiary. In 1999, the businesses, assets and liabilities of TSB Bank plc, the principal banking subsidiary of the TSB Group prior to the merger, and its subsidiary Hill Samuel Bank Limited were vested in Lloyds TSB Bank plc, and in 2000, LTSB acquired Scottish Widows Limited ("**Scottish Widows**"). In addition to already being one of the leading providers of banking services in the UK, the acquisition of Scottish Widows also positioned LTSB as one of the leading suppliers of long-term savings and protection products in the UK.

The HBOS Group had been formed in September 2001 by the merger of Halifax plc ("**Halifax**") and Bank of Scotland plc ("**BoS**"). The Halifax business began with the establishment of the Halifax Permanent Benefit Building Society in 1852; the society grew through a number of mergers and acquisitions including the merger with Leeds Permanent Building Society in 1995 and the acquisition of Clerical Medical Investment Group Limited ("**CMIG**") in 1996. In 1997 the Halifax converted to plc status and floated on the London stock market. BoS was founded in July 1695, making it Scotland's first and oldest bank.

On 18 September 2008, with the support of the UK Government, the boards of LTSB and HBOS announced that they had reached agreement on the terms of a recommended acquisition by LTSB of HBOS. The shareholders of LTSB approved the acquisition at the Company's general meeting on 19 November 2008. On 16 January 2009, the acquisition was completed and LTSB changed its name to Lloyds Banking Group plc.

Pursuant to two placing and open offers which were completed by the Company in January and June 2009 and the rights issue completed in December 2009, the UK Government acquired 43.4 per cent. of the Company's issued ordinary share capital. Following sales of shares in September 2013 and March 2014 and the completion of trading plans with Morgan Stanley & Co. International plc, the UK Government completed the sale of its shares in May 2017, returning the Group to full private ownership.

Pursuant to its decision approving state aid to the Group, the European Commission required the Group to dispose of a retail banking business meeting minimum requirements for the number of branches, share of the

UK personal current accounts market and proportion of the Group's mortgage assets. Following disposals in 2014, the Group sold its remaining interest in TSB to Banco de Sabadell in 2015, and all European Commission state aid requirements were met by 30 June 2017.

On 1 June 2017, following the receipt of competition and regulatory approval, the Group acquired 100 per cent. of the ordinary share capital of MBNA Limited, which, together with its subsidiaries, operates a UK consumer credit card business, from FIA Jersey Holdings Limited, a wholly-owned subsidiary of Bank of America.

The Group successfully launched its new non ring-fenced bank, Lloyds Bank Corporate Markets plc, in 2018, transferring in the non ring-fenced business from the rest of the Group, thereby meeting its legal requirements under ring-fencing legislation.

On 23 October 2018, the Group announced a strategic partnership with Schroders plc ("**Schroders**") to create a market-leading wealth management proposition. The three key components of the partnership are: (i) the establishment of a new financial planning joint venture; (ii) the Group taking a 19.9 per cent. stake in Schroders' high net worth UK wealth management business; and (iii) the appointment of Schroders as the active investment manager of approximately £80 billion of the Group's insurance and wealth related assets. The joint venture, Schroders Personal Wealth, was launched to the market in the third quarter of 2019. The Group's interest in the joint venture is 50.1 per cent.

Ratings of the Company

As at the date of this Prospectus: (i) long-term senior obligations of the Company are rated "BBB+" by S&P, "A3" by Moody's and "A+" by Fitch; and (ii) short-term senior obligations of the Company are rated "A-2" by S&P, "P-2" by Moody's and "F1" by Fitch.

Expected ratings in relation to Notes issued by the Company under the Programme

S&P is expected to rate: Senior Notes issued by the Company under the Programme with a maturity of one year or more "BBB+"; Senior Notes issued by the Company under the Programme with a maturity of less than one year "A-2" and Dated Subordinated Notes issued by the Company under the Programme "BBB-".

Fitch is expected to rate: Senior Notes issued by the Company under the Programme with a maturity of one year or more "A+"; Senior Notes issued by the Company under the Programme with a maturity of less than one year "F1" and Dated Subordinated Notes issued by the Company under the Programme "A-".

Moody's is expected to rate: Senior Notes issued by the Company under the Programme with a maturity of one year or more "A3"; Senior Notes issued by the Company under the Programme with a maturity of less than one year "P-2" and Dated Subordinated Notes issued by the Company under the Programme "Baa1".

The credit ratings referred to and included in this Prospectus have been issued by S&P, Fitch and Moody's, each of which is established in the EU or the UK and is registered under Regulation (EC) No. 1060/2009 (as amended) of the European Parliament and of the Council of 16 September 2009 on credit rating agencies.

Tranches of Notes to be issued under the Programme will be rated or unrated. Where a Tranche of Notes is to be rated, such rating will not necessarily be the same as the rating assigned to Notes already issued. Whether or not a rating in relation to any Tranche of Notes will be treated as having been issued by a credit rating agency established in the EU or the UK and registered under Regulation (EC) No. 1060/2009 (as amended) on credit rating agencies will be disclosed in the relevant Final Terms or Pricing Supplement.

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

For detail on credit ratings risks see "*Risk Factors — Economic and Financial Risks".* In particular, see *"Risk Factors — Economic and Financial Risks — A reduction in the Group's longer-term credit rating could materially adversely affect the Group's results of operations, financial condition or prospects*".

Strategy of Lloyds Banking Group

The Group is a leading provider of financial services to individual and business customers in the UK. The Group's main business activities are retail and commercial banking, and long-term savings, protection and investment. Services are provided through a number of well recognised brands including Lloyds Bank, Halifax, BoS and Scottish Widows and through a range of distribution channels, including the largest branch network and digital bank in the UK.

The external environment is evolving rapidly, including in relation to changing customer behaviours, the pace of technological evolution and changes in regulation. Given the capabilities of the Group and the significant progress made in recent years, the Group believes that it is in a strong position to compete in this environment by developing additional competitive advantages. The Group will continue to transform itself to succeed in this digital world and its strategy is intended to ensure that the Group has the capabilities to deliver future success.

Business and Activities of Lloyds Banking Group

At 31 December 2019, the Group's activities were organised into three financial reporting segments: Retail; Commercial Banking; and Insurance and Wealth. In 2019 the Group transferred Cardnet, its card payment acceptance service, from Retail into Commercial Banking and also transferred certain equity business from Commercial Banking into Central items.

Retail

Retail offers a broad range of financial service products to personal and business banking customers, including current accounts, savings, mortgages, credit cards, unsecured loans, motor finance and leasing solutions. Its aim is to be the best bank for customers in the UK, by building deep and enduring relationships that deliver value, and by providing customers with choice and flexibility, with propositions increasingly personalised to their needs. Retail operates a multi-brand and multi-channel strategy. It continues to simplify its business and provide more transparent products, helping to improve service levels and reduce conduct risks, whilst working within a prudent risk appetite.

Commercial Banking

Commercial Banking has a client-led, low risk, capital efficient strategy committed to supporting UK-based clients and international clients with a link to the UK. Through its segmented client coverage model, it provides clients with a range of products and services such as lending, transaction banking, working capital management, risk management and debt capital markets. Continued investment in capabilities and digital propositions enables the delivery of a leading customer experience, supported by increasingly productive relationship managers, with more time spent on value-adding activity.

Insurance and Wealth

Insurance and Wealth offers insurance, investment and wealth management products and services. It supports over 10 million customers with assets under administration of £170 billion and annualised annuity payments in retirement of over £1 billion. The Group continues to invest significantly in the development of

the business, with the aims of capturing considerable opportunities in pensions and financial planning, offering customers a single home for their banking and insurance needs and driving growth across intermediary and relationship channels through a strong distribution model.

Material Contracts

The Company and its subsidiaries are party to various contracts in the ordinary course of business.

Competitive Environment

The Group provides financial services to individual and business customers, predominantly in the UK but also overseas. The main business activities of the Group are retail and commercial banking and long-term savings, protection and investment.

Market Dynamics

The Group continues to operate in an increasingly competitive environment, driven by regulatory changes, shifting customer behaviours and increasing levels of innovation across the sector.

Across the Group's traditional business lines, ring-fencing regulation has seen a number of competitors deploy excess liquidity to support asset growth within the UK, specifically within mortgages where customer rates have in the last few years hit record lows. While this is beneficial for customers, this has depressed margins across the UK banking sector and more recently has resulted in some smaller participants stepping back from the market.

Beyond this, digital-only providers have grown their share of the UK market within the past year. This growth has predominantly been driven by neo-banks that provide a more traditional customer offering alongside leading digital functionality and are able to target selected customer segments. This is supported by the emergence of marketplace models which enable these providers to collaborate with more specialist fintechs to provide a broader suite of products and financial services, both for personal and business banking customers.

In response, a number of traditional competitors have attempted to replicate the success of neo-banks by developing their own digital-only offerings, often under separate and newly created brand names. A number of international peers have also entered the UK market through digital only challengers, taking advantage of the supportive regulatory environment and increasing similarity in customer behaviours across multiple geographies.

Elsewhere, the Group has also started to see the first signs of large technology companies participating in financial services, often partnering with local incumbent banks across different geographies. While the scale of their future ambitions is uncertain at this stage, the power of their brand and large customer bases pose future disruption threats.

The Group's Response

The Group continues to respond effectively to the increasingly competitive environment, supported by its significant reach and proven track record of providing products and services that its customers value which is underpinned by significant investment capacity.

Across its core markets such as mortgages, the Group has looked to prioritise value while maintaining share and supporting its purpose of 'Helping Britain Prosper'. As marginal players have withdrawn from the market, the Group has more recently strengthened its position, including through the acquisition of Tesco Bank's mortgage portfolio in September 2019. Alongside this, the Group has also continued to invest in areas

where it is under-represented, such as Insurance and Commercial Banking, in line with the commitments outlined in the Group's strategic plan.

In response to changes to the competitive environment from the ongoing shift in digital usage and new entrants, the Group's multi-channel and multi-brand offering enables it to continue to effectively meet the varying needs of its diverse customer base. The Group's digital channel is now its most prominent, with 75 per cent. of products now originated digitally and the Group operates the largest digital bank in the UK with 16.4 million customers and 10.7 million mobile app customers, while its customer satisfaction scores remain strong.

In addition, the Group remains committed to retaining the largest branch network in the UK. This allows its customers to interact with the Group in whichever way they prefer, while also providing a human touch point for more complex financial needs. The Group's network is also key to building and deepening its business banking relationships. The Group sees these as unique competitive advantages, and combined with its ongoing commitment to innovation, provide the Group with a strong platform to maintain relevance and deepen relationships with its customer base.

For more information see "*Risk Factors – Business and Operational Risks – The Group's businesses are conducted in competitive environments, with increased competition scrutiny, and the Group's financial performance depends upon management's ability to respond effectively to competitive pressures and scrutiny*".

Regulation

Approach of the Financial Conduct Authority ("FCA")

As per the FSMA (amended by the Financial Services Act 2012), the FCA has a strategic objective to ensure that the relevant markets function well. In support of this, the FCA has three operational objectives: to secure an appropriate degree of protection for consumers; to protect and enhance the integrity of the UK financial system and to promote effective competition in the interests of consumers.

The FCA Handbook sets out rules and guidance across a range of conduct issues with which financial institutions are required to comply including high level principles of business and detailed conduct of business standards and reporting standards.

Approach of the Prudential Regulation Authority ("PRA")

The PRA is part of the Bank of England, with responsibility for the prudential regulation and supervision of circa 1500 banks, building societies, credit unions, insurers and major investment firms. Their strategy is to deliver a resilient financial sector by seeking: an appropriate quantity and quality of capital and liquidity; effective risk management; robust business models; and sound governance including clear accountability of firms' management. This strategy supports their two statutory objectives: to promote the safety and soundness of these firms; and to contribute to the securing of an appropriate degree of protection for policyholders (for insurers).

Through regulation, the PRA sets standards/policies which it expects firms to meet, and monitors firms' compliance. The supervision approach includes three key characteristics:

- Use of judgement to determine whether financial firms are safe and sound, whether insurers provide appropriate protection for policyholders and whether firms continue to meet the threshold conditions (including maintaining appropriate capital and liquidity, and having suitable management arrangements);
- A forward looking approach to assess firms against risks which may arise in the future; and

– Focus on those issues and those firms that pose the greatest risk to the stability of the UK financial system and policyholders.

The PRA will change a firm's business model if they judge that mitigating risk measures are insufficient.

Other bodies impacting the regulatory regime

The Bank of England and HM Treasury

The agreed framework for co-operation in the field of financial stability in the financial markets is detailed in the Memorandum of Understanding published jointly by HM Treasury, the FCA and the Bank of England (now including the PRA). The Bank of England has specific responsibilities in relation to financial stability, including: (i) ensuring the stability of the monetary system; (ii) oversight of the financial system infrastructure, in particular payments systems in the UK and abroad; and (iii) maintaining a broad overview of the financial system through its monetary stability role.

UK Financial Ombudsman Service ("FOS")

The FOS provides consumers with a free and independent service designed to resolve disputes where the customer is not satisfied with the response received from the regulated firm. The FOS resolves disputes for eligible persons that cover most financial products and services provided in (or from) the UK. The jurisdiction of the FOS extends to include firms conducting activities under the Consumer Credit Act 1974. Although the FOS takes account of relevant regulation and legislation, its guiding principle is to resolve cases individually on merit on the basis of what is fair and reasonable; in this regard, the FOS is not bound by law or even its own precedent. The final decisions made by the FOS are legally binding on regulated firms who also have a requirement under the FCA rules to ensure that lessons learned as a result of determinations by the FOS are effectively applied in future complaint handling.

The Financial Services Compensation Scheme (the "FSCS")

The FSCS was established under the FSMA and is the UK's statutory fund of last resort for customers of authorised financial services firms. Companies within the Group are responsible for contributing to compensation schemes in respect of banks and other authorised financial services firms that are unable to meet their obligations to customers. The FSCS can pay compensation to customers if a firm is unable, or likely to be unable, to pay claims against it. The FSCS is funded by levies on firms authorised by the PRA and the FCA, including companies within the Group.

Lending Standards Board (the "LSB")

The LSB is responsible for overseeing the Standards of Lending Practice (for both personal and business customers). The Standards of Lending Practice for personal customers cover six main areas: Financial promotions and communications; product sales; account maintenance and servicing; money management; financial difficulty; and customer vulnerability across key lending (current account overdrafts, credit cards, loans and chargecards) to consumers and charities with an income of less than £1 million. The Standards of Lending Practice for business customers apply to business customers, which at the point of lending have a non-complex ownership structure, and an annual turnover of up to £25 million. The standards cover nine main areas: product information; product sale; declined applications; product execution; credit monitoring; treatment of customers in financial difficulty; business support units; portfolio management; and customers in vulnerable circumstances for products including loans, overdrafts, commercial mortgages, credit cards and chargecards.

The LSB is also responsible for the oversight of four of the information remedies that followed from the FCA's Credit Card Market Study, the Access to Banking Standard which has been designed to ensure that customers are better informed about branch closures, and the governance and oversight of the Contingent Reimbursement Model Code for Authorised Push Payment Scams (CRM Code).

UK Competition and Markets Authority ("CMA")

The objective of the CMA is to promote competition to ensure that markets work well for consumers, businesses and the economy. Since 1 April 2014 the CMA has, with the FCA, exercised the competition functions previously exercised by the Office of Fair Trading and the Competition Commission. Through its five strategic goals (delivering effective enforcement; extending competition frontiers; refocusing competition protection; achieving professional excellence; and, developing integrated performance) the CMA impacts the banking sector in a number of ways, including powers to investigate and prosecute a number of criminal offences under competition law. In addition, the CMA is now the lead enforcer under the Unfair Terms in Consumer Contracts Regulations 1999.

UK Information Commissioner's Office

The UK Information Commissioner's Office is responsible for overseeing implementation of the Data Protection Act 2018 which enshrines the General Data Protection Regulation. This Act regulates, among other things, the retention and use of data relating to individual customers. The Freedom of Information Act 2000 (the "**FOIA**") sets out a scheme under which any person can obtain information held by, or on behalf of, a "public authority" without needing to justify the request. A public authority will not be required to disclose information if certain exemptions set out in the FOIA apply.

The Payments System Regulator ("PSR")

The PSR is an independent economic regulator for the £75 trillion payment systems industry, which was launched in April 2015. Payment systems form a vital part of the UK's financial system – they underpin the services that enable funds to be transferred between people and institutions. The purpose of PSR is to make payment systems work well for those that use them. The PSR is a subsidiary of the FCA, but has its own statutory objectives, Managing Director and Board. In summary its objectives are: (i) to ensure that payment systems are operated and developed in a way that considers and promotes the interests of all the businesses and consumers that use them; (ii) to promote effective competition in the markets for payment systems and services – between operators, payment services providers and infrastructure providers; and (iii) to promote the development of and innovation in payment systems, in particular the infrastructure used to operate those systems.

Competition Regulation

The FCA obtained concurrent competition powers with the CMA on 1 April 2015 in relation to the provision of financial services in the UK, in addition to supplementing its existing competition objective. The FCA has been undertaking a programme of work to assess markets across financial services to ascertain whether or not competition is working effectively in the best interests of consumers. In addition, the PRA also has a secondary objective under the Financial Services (Banking Reform) Act to, so far as reasonably possible, act in a way which facilitates effective competition.

The FCA announced on 3 November 2016 that it would take action to improve competition in the current account market, following the CMA's recommendations in the publication of its competition investigation into personal current account ("**PCA**") and SME Banking (9 August 2016). The FCA have published their final report into the 'Strategic Review of Retail Banking Business Models' (18 December 2018) recognising that PCAs are an important source of competitive advantage for major banks. The focus on high cost credit continues with further forward work on its proposals to simplify the pricing of all overdrafts and end higher prices for unarranged overdrafts. The FCA continues to act as an observer on the "Open Banking" steering group and be involved in developing and testing "prompts" to encourage customers to consider their banking arrangements.

The UK Government has a continuing interest in competition.

The current regulatory regime may lead to greater UK Government and regulatory scrutiny or intervention in the future, ranging from enforced product and service developments and payment system changes to significant structural changes. This could have a significant effect on the Group's operations, financial condition or the business of the Group.

EU Regulation

Financial institutions operating in the UK are currently subject to the relevant EU legislation, which is regularly reviewed at EU level and could be subject to change, including as a result of how it is transposed into UK law following the UK's exit from the EU. The Group will continue to monitor changes to legislation, providing specialist input on their drafting and assess the likely impact on its business.

See also "*Regulatory and Legal Risks – The Group faces risks associated with its compliance with a wide range of laws and regulations", "Regulatory and Legal Risks - Legal and regulatory risk arising from UK's exit from the European Union could adversely impact the Group's business, operations, financial condition and prospects" and "Regulatory and Legal Risks – The Group and its subsidiaries are subject to resolution planning requirements"*.

U.S. Regulation

In the U.S., until 2018 Lloyds Bank and BoS maintained branches in New York, each licenced by the New York State Department of Financial Services ("**NYDFS**") and subject to regulation and examination by the NYDFS and the Federal Reserve Bank of New York. BoS also maintained a representative office in Houston, Texas (authorised by the Texas Department of Banking ("**TXB**"), and subject to regulation and examination by TXB and the Federal Reserve Bank of Dallas). On 11 July 2018, the New York branch of BoS was closed and its licence surrendered to the NYDFS, and the NYDFS confirmed to BoS in October, 2018 that the voluntary liquidation of the BoS New York branch under the New York State Banking Law was considered concluded. On 31 December 2018, Lloyds Bank advised the NYDFS that the Lloyds Bank New York branch was closed and Lloyds Bank surrendered its New York branch licence to the NYDFS on that date and the voluntary liquidation of the Lloyds Bank New York branch was completed in 2019. The closure of the New York branches of Lloyds Bank and BoS was a consequence of the need by both banks to comply with the geographic limitations of the applicable ring-fencing rules. The BoS Houston representative office was also closed by BoS on 31 December 2018. In July, 2018, applications filed on behalf of LBCM with the Board of Governors of the Federal Reserve System ("**Federal Reserve Board**") and the NYDFS to permit LBCM to establish a branch in New York were approved, and on 27 July 2018, LBCM's New York branch licence was issued by the NYDFS. Also in July, 2018, at the request of Lloyds Bank, the NYDFS issued a representative office licence to Lloyds Bank. Under the New York State Banking Law, the NYDFS has the authority, in certain circumstances, to take possession of the business and property located in New York State of a bank, such as LBCM, which maintains a licenced branch in New York State. Such circumstances generally include violations of law, unsafe business practices and insolvency.

The existence of a branch of LBCM in the U.S. subjects LBCM, the Company and its subsidiaries doing business or conducting activities in the U.S. to oversight by the Federal Reserve Board.

As of the end of 2018, each of the Company, Lloyds Bank, HBOS, BoS and LBCM was a foreign banking organisation treated as a bank holding company within the meaning of the U.S. Bank Holding Company Act of 1956 ("**BHC Act**") in accordance with the provisions of the International Banking Act of 1978 and each had elected, with the permission of the Federal Reserve Board, to be treated as a financial holding company under the BHC Act. Because, as a result of the ring-fencing rules, from and after 1 January 2019, neither Lloyds Bank nor BoS may maintain branches or own substantial equity stakes in entities organised outside of the European Economic Area, each ceased to be treated as a financial holding company under the BHC Act from and after that date. HBOS has no direct or indirect investments or activities in the U.S., and also ceased to be

treated as a financial holding company. However, each of the Company and LBCM will continue to be treated as a financial holding company under the BHC Act.

Financial holding companies may engage in a broader range of financial and related activities than are permitted to bank holding companies that do not maintain financial holding company status, including underwriting and dealing in all types of securities. A financial holding company and its depository institution subsidiaries must meet certain capital ratios and be deemed to be "well managed" for purposes of the Federal Reserve Board's regulations. A financial holding company's direct and indirect activities and investments in the U.S. are limited to those that are "financial in nature" or "incidental" or "complementary" to a financial activity, as determined by the Federal Reserve Board.

Financial holding companies are also subject to approval requirements in connection with certain acquisitions or investments. For example, the Group is required to obtain the prior approval of the Federal Reserve Board before acquiring, directly or indirectly, the ownership or control of more than 5 per cent. of any class of the voting shares of any U.S. bank or bank holding company.

The Group's U.S. broker dealer, Lloyds Securities Inc. ("**LSI**"), is subject to regulation and supervision by the Securities and Exchange Commission and the Financial Industry Regulatory Authority, including sales methods, trade practices, use of safekeeping of customers' funds and securities, capital structure, recordkeeping, conduct of directors, officers and employees and other matters pertinent to its securities business. In order to comply with the change to ring-fencing rules, LSI became an indirect, wholly-owned subsidiary of LBCM on 1 July 2018 as a result of the sale of 100 per cent. of the shares of LSI's direct parent (Lloyds America Securities Corporation) by Lloyds Bank to LBCM.

A major focus of U.S. governmental policy relating to financial institutions in recent years has been combating money laundering and terrorist financing and enforcing compliance with U.S. economic sanctions, with serious legal and reputational consequences for any failures arising in these areas. The Group engages, or has engaged, in a limited amount of business with counterparties in certain countries which the U.S. State Department currently designates as state sponsors of terrorism, including Iran, Syria, Sudan and North Korea. The Group intends to engage in new business in such jurisdictions only in very limited circumstances where the Group is satisfied concerning legal, compliance and reputational issues. At 31 December 2019, the Group did not believe that the Group's business activities relating to countries designated as state sponsors of terrorism were material to its overall business.

The Group estimates that the value of the Group's business in respect of such states represented less than 0.01 per cent. of the Group's total assets and, for the year ended December 2019, the Group believes that the Group's revenues from all activities relating to such states were less than 0.001 per cent. of its total income, net of insurance claims. This information has been compiled from various sources within the Group, including information manually collected from relevant business units, and this has necessarily involved some degree of estimate and judgement.

The Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010, established a regulatory framework for swap dealers and major swap participants including the requirement for entities that are swap dealers and major swap participants to register with the U.S. Commodity Futures Trading Commission ("**CFTC**"). Each of Lloyds Bank and LBCM is registered as a swap dealer and as such, is subject to regulation and supervision by the CFTC and the National Futures Association ("**NFA**") with respect to certain of its swap activities, including risk management practices, trade documentation and reporting, business conduct and recordkeeping, among others. On 8 January 2020, the Bank filed an NFA Form 7-W with the NFA to deregister as a swap dealer with the CFTC, effective 7 February 2020. The NFA has confirmed to the Group that the Bank's status is 'in transition', and as at the date of this Prospectus confirmation of de-registration was anticipated imminently.

Legal Actions and Regulatory Matters

During the ordinary course of business the Group is subject to threatened or actual legal proceedings and regulatory reviews and investigations both in the UK and overseas. Set out below is a summary of the more significant matters.

Payment Protection Insurance

Payment Protection Insurance (excluding MBNA)

The Group increased the provision for PPI costs by a further £2,450 million in the year ended 31 December 2019, bringing the total amount provided to £21,875 million.

The charge in 2019 was largely due to the significant increase in PPI information requests ("**PIRs**") leading up to the deadline for submission of claims on 29 August 2019, and also reflects costs relating to complaints received from the Official Receiver as well as administration costs. An initial review of around 60 per cent. of the five million PIRs received in the run-up to the PPI deadline has been undertaken, with the conversion rate remaining low, and consistent with the provision assumption of around 10 per cent. The Group has reached final agreement with the Official Receiver.

At 31 December 2019, a provision of £1,578 million remained unutilised relating to complaints and associated administration costs excluding amounts relating to MBNA. Total cash payments were £2,201 million during the year ended 31 December 2019.

Sensitivities

The total amount provided for PPI represents the Group's best estimate of the likely future cost. A number of risks and uncertainties remain including processing the remaining PIRs and outstanding complaints. The cost could differ from the Group's estimates and the assumptions underpinning them, and could result in a further provision being required. These may also be impacted by any further regulatory changes and potential additional remediation arising from the continuous improvement of the Group's operational practices.

For every one per cent. increase in PIR conversion rate on the stock as at the industry deadline, the Group would expect an additional charge of approximately £100 million.

Payment Protection Insurance (MBNA)

MBNA increased its PPI provision by £367 million in the year ended 31 December 2019, but the Group's exposure continues to remain capped at £240 million under the terms of the sale and purchase agreement.

Other provisions for legal actions and regulatory matters

In the course of its business, the Group is engaged in discussions with the PRA, FCA and other UK and overseas regulators and other governmental authorities on a range of matters. The Group also receives complaints in connection with its past conduct and claims brought by or on behalf of current and former employees, customers, investors and other third parties and is subject to legal proceedings and other legal actions. Where significant, provisions are held against the costs expected to be incurred in relation to these matters and matters arising from related internal reviews. During the year ended 31 December 2019, the Group charged a further £445 million in respect of legal actions and other regulatory matters, and the unutilised balance at 31 December 2019 was £528 million (31 December 2018: £861 million). The most significant items are as follows:

Arrears handling related activities

The Group has provided an additional £188 million in the year ended 31 December 2019 for the costs of identifying and rectifying certain arrears management fees and activities, taking the total provided as at 31

December 2019 to £981 million. The Group has put in place a number of actions to improve its handling of customers in these areas and has made good progress in reimbursing arrears fees to impacted customers.

Packaged bank accounts

The Group had provided a total of £795 million up to 31 December 2018 in respect of complaints relating to alleged mis-selling of packaged bank accounts with no further amounts provided during the year ended 31 December 2019. A number of risks and uncertainties remain particularly with respect to future volumes.

Customer claims in relation to the insurance branch business in Germany

The Group continues to receive claims in Germany from customers relating to policies issued by CMIG (subsequently renamed Scottish Widows Limited), with a smaller number of claims received from customers in Austria and Italy. The industry-wide issue regarding notification of contractual "cooling off" periods continued to lead to an increasing number of claims in 2016 and 2017. Whilst complaint volumes have declined, new litigation claim volumes per month have remained fairly constant throughout 2019. Up to 31 December 2019 the Group had provided a total of £656 million. The validity of the claims facing the Group depends upon the facts and circumstances in respect of each claim. As a result the ultimate financial effect, which could be significantly different from the current provision, will be known only once all relevant claims have been resolved.

HBOS Reading –Review

The Group has now completed its compensation assessment for all 71 business customers within the customer review, with more than 98 per cent. of these offers to individuals accepted. In total, more than £100 million in compensation has been offered to victims of the HBOS Reading fraud prior to the publication of Sir Ross Cranston's independent quality assurance review of the customer review, of which £94 million has so far been accepted, in addition to £9 million for *ex-gratia* payments and £6 million for the reimbursements of legal fees.

Sir Ross's review was concluded on 10 December 2019 and made a number of recommendations, including a re-assessment of direct and consequential losses by an independent panel. The Group has committed to implementing Sir Ross's recommendations in full. In addition, further *ex-gratia* payments of £35,000 per person have been made to 200 individuals in recognition of the additional delay which will be caused whilst the Group takes steps to implement Sir Ross's recommendations. It is not possible to estimate at this stage what the financial impact of implementing Sir Ross's recommendations will be.

HBOS Reading – FCA Investigation

The FCA's investigation into the events surrounding the discovery of misconduct within the Reading-based Impaired Assets team of HBOS has concluded. The Group has settled the matter with the FCA and paid a fine of £45.5 million, as per the FCA's final notice dated 21 June 2019.

Interchange fees

With respect to multi-lateral interchange fees ("**MIFs**"), the Group is not involved in the ongoing litigation (as described below) which involves card schemes such as Visa and Mastercard. However, the Group is a member/licensee of Visa and Mastercard and other card schemes. The relevant litigation is as follows:

- Litigation brought by retailers against both Visa and Mastercard continues in the English courts (and includes appeals heard by the Supreme Court);
- Litigation brought on behalf of UK consumers in the English courts against Mastercard.

Any impact on the Group of the litigation against Visa and Mastercard remains uncertain at this time. Insofar as Visa is required to pay damages to retailers for interchange fees set prior to June 2016, contractual arrangements to allocate liability have been agreed between various UK banks (including the Group) and Visa Inc, as part of Visa Inc's acquisition of Visa Europe in 2016. These arrangements cap the maximum amount of liability to which the Group may be subject, and this cap is set at the cash consideration received by the Group for the sale of its stake in Visa Europe to Visa Inc in 2016.

Libor and other trading rates

In July 2014, the Group announced that it had reached settlements totalling £217 million (at 30 June 2014 exchange rates) to resolve with UK and U.S. federal authorities legacy issues regarding the manipulation several years ago of Group companies' submissions to the British Bankers' Association LIBOR and Sterling Repo Rate. The Swiss Competition Commission concluded its investigation against Lloyds Bank in June 2019. The Group continues to cooperate with various other government and regulatory authorities, including a number of U.S. State Attorneys General, in conjunction with their investigations into submissions made by panel members to the bodies that set LIBOR and various other interbank offered rates.

Certain Group companies, together with other panel banks, have also been named as defendants in private lawsuits, including purported class action suits, in the U.S. in connection with their roles as panel banks contributing to the setting of U.S. Dollar, Japanese Yen and Sterling LIBOR and the Australian BBSW Reference Rate. Certain of the plaintiffs' claims, have been dismissed by the U.S. Federal Court for Southern District of New York (subject to appeals).

Certain Group companies are also named as defendants in: (i) UK based claims; and (ii) in two Dutch class actions, raising LIBOR manipulation allegations. A number of the claims against the Group in relation to the alleged mis-sale of interest rate hedging products also include allegations of LIBOR manipulation.

It is currently not possible to predict the scope and ultimate outcome on the Group of the various outstanding regulatory investigations not encompassed by the settlements, any private lawsuits or any related challenges to the interpretation or validity of any of the Group's contractual arrangements, including their timing and scale.

UK shareholder litigation

In August 2014, the Group and a number of former directors were named as defendants in a claim by a number of claimants who held shares in LTSB prior to the acquisition of HBOS, alleging breaches of duties in relation to information provided to shareholders in connection with the acquisition and the recapitalisation of LTSB. Judgment was delivered on 15 November 2019. The Group and former directors successfully defended the claims. The claimants have sought permission to appeal. It is currently not possible to determine the ultimate impact on the Group (if any).

Tax authorities

The Group has an open matter in relation to a claim for group relief of losses incurred in its former Irish banking subsidiary, which ceased trading on 31 December 2010. In 2013, HMRC informed the Group that their interpretation of the UK rules which allow the offset of such losses denies the claim. If HMRC's position is found to be correct management estimate that this would result in an increase in current tax liabilities of approximately £800 million (including interest) and a reduction in the Group's deferred tax asset of approximately £250 million. The Group does not agree with HMRC's position and, having taken appropriate advice, does not consider that this is a case where additional tax will ultimately fall due. There are a number of other open matters on which the Group is in discussion with HMRC (including the tax treatment of certain costs arising from the divestment of TSB Banking Group plc), none of which is expected to have a material impact on the financial position of the Group.

Mortgage arrears handling activities

On 26 May 2016, the Group was informed that an enforcement team at the FCA had commenced an investigation in connection with the Group's mortgage arrears handling activities. It is not currently possible to make a reliable assessment of any liability that may result from the investigation including any financial penalty.

Contingent liabilities in respect of other legal actions and regulatory matters

In addition, during the ordinary course of business the Group is subject to other complaints and threatened or actual legal proceedings (including class or group action claims) brought by or on behalf of current or former employees, customers, investors or other third parties, as well as legal and regulatory reviews, challenges, investigations and enforcement actions, both in the UK and overseas. All such material matters are periodically reassessed, with the assistance of external professional advisers where appropriate, to determine the likelihood of the Group incurring a liability. In those instances where it is concluded that it is more likely than not that a payment will be made, a provision is established to management's best estimate of the amount required at the relevant balance sheet date. In some cases it will not be possible to form a view, for example because the facts are unclear or because further time is needed properly to assess the merits of the case, and no provisions are held in relation to such matters. In these circumstances, specific disclosure in relation to a contingent liability will be made where material. However the Group does not currently expect the final outcome of any such case to have a material adverse effect on its financial position, operations or cash flows.

Recent Developments

Given the Group's clear UK focus, the Group's performance is inextricably linked to the health of the UK economy and the Group will inevitably be impacted by the nationwide lockdown related to COVID-19 which has already started to have a significant impact on the UK economy.

The longer-term financial impact of COVID-19 is not yet clear and given the significant change in the operating environment and economic expectations, the Group's previous guidance is no longer appropriate. The impact of lower rates and lower levels of activity on the Group's business will continue into the second quarter, but remains difficult to quantify given the significant uncertainty. It is expected that the Group will also experience further impairments, both in existing and new lending books, particularly if economic expectations deteriorate further from the base case.

Major Shareholders and Related Party Transactions

Major Shareholders

Based solely on the Schedule 13-G filed by BlackRock, Inc. with the SEC dated 5 February 2020, as at 31 December 2019, BlackRock, Inc. beneficially owned 6.7 per cent. (representing 4,698,292,748 ordinary shares) of the Company's issued ordinary share capital. Based solely on the Form TR-1 filed with the FCA dated 30 October 2018, as at 29 October 2018, Harris Associates LP beneficially owned 4.99 per cent. (representing 3,551,514,571 ordinary shares) of the Company's issued ordinary share capital. Further information on HM Treasury's previous shareholding in the Company is provided in "History and Development of Lloyds Banking Group".

As at 14 February 2020, the Company had 2,358,597 registered ordinary shareholders. The majority of the Company's ordinary shareholders are registered in the United Kingdom. 2,375,557,133 ordinary shares, representing 3.38 per cent. of the Company's issued share capital, were held by BNY Mellon as depositary for the ordinary share American Depositary Share Programme through which there were 185 record holders.

Additionally, the majority of the Company's preference shareholders are registered in the United Kingdom, with a further one record holder with an address in the U.S. registered through the Company's preference share American Depositary Share Programme.

All shareholders within a class of the Company's shares have the same voting rights.

Related Party Transactions

The Group, as at 31 December 2019, had related party transactions with certain of its key management personnel, pension funds, collective investment schemes and joint ventures and associates.

Directors of the Company

The directors of the Company, each of whom are also directors of the Bank holding the same positions[3], the business address of each of whom is 25 Gresham Street, London EC2V 7HN, England, and their respective principal outside activities, where significant to the Group, are as follows:

Name	Principal outside activities
Non-Executive Directors	
Lord Blackwell Chairman	Governor of the Yehudi Menuhin School and a member of the Governing Body of the Royal Academy of Music.
Anita Frew[4] Deputy Chairman	Chairman of Croda International Plc and a Non-Executive Director of BHP Billiton.
Alan Dickinson Senior Independent Director	Chairman of Urban&Civic plc and Non-Executive Director of England and Wales Cricket Board.
Simon Henry Independent Director	Non-Executive Director of Rio Tinto plc and Rio Tinto Limited and Chair of their Audit Committee, Independent Director of PetroChina Company Limited, Member of the Defence Board and Chair of the Defence Audit Committee, UK Government, Member of the Advisory Panel of CIMA and of the Advisory Board of the Centre for European Reform.
Sarah Legg Independent Director	Honorary Vice President of The Hong Kong Society for Rehabilitation and Chair of the Campaign Advisory Board of King's College, Cambridge University.
Lord Lupton CBE Independent Director and Chairman	Senior Advisor to Greenhill Europe, Trustee of the Lovington Foundation and Chairman of the Board of Visitors of the Ashmolean Museum.

[3] Whilst Alan Dickinson is an Independent Director of the Bank, unlike in the Company he does not hold the role of Senior Independent Director of the Bank.

[4] Anna Frew intends to retire as Deputy Chairman and Non-Executive Director at the Company's AGM in May 2020. Alan Dickinson will take on the role of Deputy Chairman.

Name	Principal outside activities
of Lloyds Bank Corporate Markets plc	
Amanda Mackenzie OBE Independent Director	Chief Executive of Business in the Community – The Prince's Responsible Business Network.
Nick Prettejohn[5] Independent Director and Chairman of Scottish Widows Group	Chairman of Reach plc (formerly Trinity Mirror plc) and of their Nomination Committee, Chairman of the Royal Northern College of Music and a member of the Board of Opera Ventures.
Stuart Sinclair Independent Director	Chairman/Non-Executive Director of International Personal Finance plc and member of International Personal Finance plc's remuneration and nomination committees. Non-Executive Director of Willis Limited.
Sara Weller CBE[6] Independent Director	Non-Executive Director of United Utilities Group and Chair of its Remuneration Committee, Chair of the Remuneration Committee of New College, Oxford and Trustee of Lloyds Bank Foundation for England and Wales.
Catherine Woods Independent Director	Non-Executive Director of Beazley plc and Chair of the re-insurance and European insurance subsidiary, Beazley Insurance, Non-Executive Director and Vice Chair of BlackRock Asset Management Ireland Limited and Chair of its Accounts Review committee.
Executive Directors	
António Horta-Osório Executive Director and Group Chief Executive	Non-Executive Director of EXOR N.V., Fundação Champalimaud and Sociedade Francisco Manuel dos Santos in Portugal, a member of the Board of Stichting INPAR Management/Enable and Chairman of the Wallace Collection.
William Chalmers Executive Director and Chief Financial Officer	None.

[5] Nick Prettejohn will succeed Alan Dickinson as Chair of the Board Risk Committee for a limited period after Alan takes on the role of Deputy Chairman in May 2020.

[6] Sara Weller will be appointed as a Non-Executive Director of BT Group plc and a member of their Remuneration Committee immediately before their AGM on or around 16 July 2020. Sara Weller will also resign from the Board of United Utilities Group at its AGM on 24 July 2020.

Name	Principal outside activities
Juan Colombás[7] Executive Director and Chief Operating Officer	Member of the FCA Practitioner Panel.

None of the directors of the Company, except for Lord Lupton, has any actual or potential conflict between their duties to the Company and their private interests or other duties as listed above. Lord Lupton is a senior advisor to Greenhill Europe, an investment bank focused on providing financial advice on significant mergers, acquisitions, restructurings, financings and capital raising to corporations, partnerships, institutions and governments. The Board has recognised that a potential conflict may arise as a result of this position. The Board has authorised the potential conflict and requires Lord Lupton to recuse himself from discussions, should the need arise.

[7] Juan Colombás will retire from the Board of the Company on 18 September 2020.

TAXATION

1 General

The comments below are of a general nature and are not intended to be exhaustive. They assume that there will be no substitution of the Company and do not address the consequences of any such substitution (notwithstanding that such substitution may be permitted by the terms and conditions of the Notes). Any Noteholders who are in doubt as to their own tax position should consult their professional advisers. In particular, Noteholders should be aware that the tax legislation of any jurisdiction where a Noteholder is resident or otherwise subject to taxation (as well as the jurisdiction discussed below) may have an impact on the tax consequences of an investment in the Notes including in respect of any income received from the Notes.

2 United Kingdom Taxation

The comments below are based on current United Kingdom tax law as applied in England and Wales and HMRC practice (which may not be binding on HMRC), in each case as at the latest practicable date before the date of this prospectus. They do not necessarily apply where the income is deemed for tax purposes to be the income of any other person. They relate only 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) to whom special rules may apply. Any Noteholders who are in doubt as to their tax position or may be subject to tax in a jurisdiction other than the United Kingdom should consult their professional advisers.

References in this part to "interest" shall mean amounts that are treated as interest for the purposes of United Kingdom taxation.

Taxation of Interest on the Senior Notes and the Dated Subordinated Notes

(i) Any Senior Notes or Dated Subordinated Notes which carry a right to interest within the meaning of section 987 of the Income Tax Act 2007 (the "**Act**") will constitute "quoted eurobonds" provided they are and continue to be listed on a recognised stock exchange or admitted to trading on a multilateral trading facility operated by a UK or other EEA-regulated recognised stock exchange within the meaning of sections 987 and 1005 of the Act. Payments of interest by the Company on the Senior Notes and the Dated Subordinated Notes, if they are "quoted eurobonds" may be made without withholding or deduction for or on account of United Kingdom income tax. The London Stock Exchange is a recognised stock exchange for the purposes of section 1005 of the Act. 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 VI of the Financial Services and Markets Act 2000) by the FCA and admitted to trading on the London Stock Exchange.

(ii) The International Securities Market ("**ISM**") is a multilateral trading facility operated by a UK or other EEA-regulated recognised stock exchange (the London Stock Exchange) for the purposes of sections 987 and 1005 of the Act.

(iii) Payments of interest by the Company on the Senior Notes and the Dated Subordinated Notes may be paid without withholding or deduction for or on account of United Kingdom income tax where at the time interest on the Senior Notes and/or the Dated Subordinated Notes (as applicable) is paid, the Company reasonably believes either:

(a) that the person beneficially entitled to the income is a United Kingdom resident company or is a non-United Kingdom resident company which is within the charge to United Kingdom corporation tax as regards the payment of interest; or

(b) that the payment is made to one of the bodies or persons, and in accordance with any applicable conditions, set out in sections 935 to 937 of the Act,

provided that HMRC has not given a direction (in circumstances where it has reasonable grounds to believe that the above exemption is not available in respect of such payment of interest at the time the payment is made) that the interest should be paid under deduction of tax.

(iv) Interest on Senior Notes and Dated Subordinated Notes with a maturity date of less than one year and which are not issued with the intention, or under a scheme or arrangement the effect of which is, that such Senior Notes and/or Dated Subordinated Notes form part of a borrowing intended to be capable of remaining outstanding for a year or more may be paid without withholding or deduction for or on account of United Kingdom income tax.

(v) Where Senior Notes or Dated Subordinated Notes are issued at an issue price of less than 100 per cent. of their principal amount any payments in respect of the accrued discount will not generally be made subject to any withholding or deduction on account of United Kingdom income tax as long as they do not constitute payments in respect of interest.

(vi) Where Senior Notes or Dated Subordinated Notes are to be, or may fall to be, redeemed at a premium, as opposed to being issued at a discount, then any such element of premium may constitute a payment of interest and, if so, any such payment of interest may (subject to paragraph (i) above) be subject to United Kingdom withholding tax at the basic rate of income tax.

(vii) In all other cases, an amount must generally be withheld from payments of interest on the Senior Notes and the Dated Subordinated Notes on account of United Kingdom income tax at the basic rate (currently 20 per cent.), subject to the availability of other reliefs under domestic law or to any direction to the contrary HMRC may provide in respect of any relief which may be available pursuant to the provisions of an applicable double taxation treaty.

United Kingdom Source Interest

The interest is expected to have a United Kingdom source and accordingly may be chargeable to United Kingdom tax by direct assessment irrespective of the residence of the Noteholder. Where the interest is paid without withholding or deduction for or on account of United Kingdom tax, the interest will not be assessed to United Kingdom tax in the hands of holders of the Notes (other than certain trustees) who are not resident for tax purposes in the United Kingdom, except where such persons carry on a trade, profession or vocation in the United Kingdom through a United Kingdom branch or agency in connection with which the interest is received or to which the Notes are attributable or (in the case of companies) such persons carry on a trade in the United Kingdom through a permanent establishment in the United Kingdom in connection with which the interest is received or to which the Notes are attributable, in which case United Kingdom tax may be levied on the United Kingdom branch, agency or permanent establishment. There are exemptions for interest received by certain categories of agent.

Where interest has been paid under deduction of United Kingdom income tax, Noteholders who are not resident in the United Kingdom for tax purposes may be able to recover all or part of the tax deducted under an applicable double taxation treaty.

Noteholders should recognise that the provisions relating to additional amounts referred to in "*Terms and Conditions of the Notes — Taxation*" would not apply if HMRC sought to assess directly the person entitled to the relevant interest to United Kingdom tax. However, exemption from, or reduction of, such United Kingdom tax liability might be available under an applicable double taxation treaty.

SUBSCRIPTION AND SALE

Summary of Programme Agreement

Subject to the terms and on the conditions contained in a Programme Agreement originally dated 30 March 2017 and amended and restated on 18 May 2020 (as modified and/or supplemented and/or restated as at the date of the issue of the Notes, the "**Programme Agreement**") between the Company, the Dealers (the "**Permanent Dealers**") and such additional persons that are appointed as dealers in respect of the Programme (and whose appointment has not been terminated), as the case may be, and the Arranger, the Notes will be offered on a continuous basis by the Company to the Permanent Dealers and any such additional dealers. However, the Company has reserved the right to sell Notes directly on its own behalf to Dealers that are not Permanent Dealers. The Notes may be resold at prevailing market prices, or at prices related thereto, at the time of such resale, as determined by the relevant Dealer. The Notes may also be sold by the Company through the Dealers, acting as agents of the Company. The Programme Agreement also provides for Notes to be issued in syndicated Tranches that are jointly and severally underwritten by two or more Dealers.

The Company may pay each relevant Dealer a commission as agreed between them in respect of Notes subscribed by it. The Company has agreed to reimburse the Arranger for certain of its expenses incurred in connection with the establishment and update of the Programme.

The Company has agreed to indemnify the Dealers against certain liabilities in connection with the offer and sale of the Notes. The Programme Agreement entitles the Dealers to terminate any agreement that they make to subscribe Notes in certain circumstances prior to payment for such Notes being made to the Company.

Other Relationships

Some of the Dealers and their affiliates have engaged in, and may in the future engage in, investment banking, hedging activities and other commercial dealings in the ordinary course of business with the Company or any of its affiliates. They have received, or may in the future receive, customary fees and commissions for these transactions.

Certain of the Dealers and their affiliates may have positions, deal or make markets in the Notes issued under the Programme, related derivatives and reference obligations, including (but not limited to) entering into hedging strategies on behalf of the Company or any of its affiliates, investor clients, or as principal in order to manage their exposure, their general market risk, or other trading activities.

In addition, in the ordinary course of their business activities, the Dealers and their affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of the Company or any of its affiliates. Certain of the Dealers or their affiliates that have a lending relationship with the Company routinely hedge their credit exposure to the Company 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 the Company's securities, including potentially any Notes which may be offered under the Programme. Any such short positions could adversely affect future trading prices of any Notes offered 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.

SELLING RESTRICTIONS

United States

The Notes have not been and will not be registered under the Securities Act and the Notes may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons, except in certain transactions exempt from the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S.

Bearer Notes are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a United States person, except in certain transactions permitted by U.S. Treasury regulations. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code of 1986, as amended, and regulations promulgated thereunder.

Each Dealer has represented and agreed and each further Dealer appointed under the Programme will be required to represent and agree that, except as permitted by the Programme Agreement, it will not offer, sell or, in the case of Bearer Notes, deliver Notes (i) as part of their distribution at any time or (ii) otherwise until 40 days after the completion of the distribution of an identifiable Tranche of which such Notes are a part, within the United States or to, or for the account or benefit of, U.S. persons, and it will have sent to each Dealer to which it sells Notes during the distribution compliance period a confirmation or other notice setting out 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 the preceding sentence have the meanings given to them by Regulation S.

The Notes are being offered and sold outside the United States to non-U.S. persons in reliance on Regulation S.

In addition, until 40 days after the commencement of the offering of Notes, an offer or sale of Notes within the United States by any dealer (whether or not participating in the offering of such Tranche of Notes) may violate the registration requirements of the Securities Act.

This Prospectus has been prepared by the Company for use in connection with the offer and sale of the Notes outside the United States. The Company and the Dealers reserve the right to reject any offer to purchase the Notes, in whole or in part, for any reason. This Prospectus does not constitute an offer to any person in the United States. Distribution of this Prospectus by any non-U.S. person outside the United States to any U.S. person or to any other person within the United States is unauthorised and any disclosure without the prior written consent of the Company of any of its contents to any such U.S. person or other person within the United States is prohibited.

United Kingdom

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 does not apply to the Company; 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 United Kingdom.

Prohibition of Sales to EEA and UK Retail Investors

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 Prospectus as completed by the relevant Final Terms or Pricing Supplement in relation thereto to any retail investor in the European Economic Area or in the UK. 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 (11) of Article 4(1) of MiFID II; or

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

Australia

No prospectus or other disclosure document (as defined in the Corporations Act 2001 of Australia (the "**Australian Corporations Act**") in relation to the Programme or any Notes has been, or will be, lodged with the Australian Securities and Investments Commission ("**ASIC**") or any other government agency. Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree that, unless the relevant Final Terms or Pricing Supplement (or a relevant supplement to this Prospectus) otherwise provides, it:

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

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

unless:

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

(ii) the offer or invitation does not constitute an offer to a "retail client" for the purposes of section 761G and 761GA of the Australian Corporations Act;

(iii) such action complies with any applicable laws, regulations and directives (including without limitation, the licensing requirements set out in Chapter 7 of the Australian Corporations Act) in Australia; and

(iv) such action does not require any document to be lodged with ASIC.

In addition, each Dealer has agreed, and each further Dealer appointed under the Programme will be required to agree, that it will comply with the directive issued by the Australian Prudential Regulation Authority dated 21 March 2018 as contained in Banking exemption No. 1 where the Dealer offers Notes for sale in relation to an issuance. This order requires all offers and transfers to be in parcels of not less than A$500,000 (or its equivalent in another currency) in aggregate principal amount. Banking exemption No. 1 does not apply to offers for sale and transfers which occur outside Australia.

Belgium

The Notes may not be distributed in Belgium by way of an offer of securities to the public, as defined in Article 3 §1 of the Belgian Law of 16 June 2006 on public offerings of investment instruments and the admission of investment instruments to trading on regulated markets, as amended from time to time, (the "**Prospectus Law**"), save in those circumstances set out in Article 3 §2-4 of the Prospectus Law.

The offering is exclusively conducted under applicable private placement exemptions and therefore it has not been and will not be notified to, and this Prospectus or any other offering material relating to the Notes has not been and will not be approved by, the Belgian Financial Services and Markets Authority (*Autorité des Services et marchés financiers / Autoriteit voor financiële diensten en markten*).

Accordingly, the offering may not be advertised and each of the Dealers 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 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 memorandum, information circular, brochure or any similar documents, directly or indirectly, to any individual or legal entity in Belgium other than:

(i) qualified investors, as defined in Article 10 of the Prospectus Law;

(ii) investors required to invest a minimum of €100,000 (per investor and per transaction); and

(iii) in any other circumstances set out in Article 3 §2-4 of the Prospectus Law.

This Prospectus has been issued only for the personal use of the above investors and exclusively for the purpose of the offering of Notes. Accordingly, the information contained herein may not be used for any other purpose nor disclosed to any other person in Belgium.

Bermuda

This Prospectus and the Notes offered hereby have not been, and will not be, filed or registered under the laws and regulations of Bermuda, nor has any regulatory authority in Bermuda passed comment upon or approved the accuracy or adequacy of this Prospectus. The Notes offered hereby may not be offered to the public in Bermuda, except in compliance with the provisions of the Investment Business Act 2006 of Bermuda which regulates the sale of securities in Bermuda and neither this Prospectus, which has not been submitted to the Bermuda Minister of Finance, the Bermuda Registrar of Companies or the Bermuda Monetary Authority, nor any offering material or information contained herein relating to the Notes, may be supplied to the public in Bermuda or used in connection with any offer for the subscription or sale of Notes to the public in Bermuda.

Cayman Islands

No offer or invitation by, or on behalf of, the Company to subscribe for the Notes may be made from a place of business in the Cayman Islands to the public in the Cayman Islands.

Colombia

This Prospectus does not constitute an invitation to invest or a public offer in the Republic of Colombia and is not governed by Colombian law. The Notes to be issued under this Prospectus have not and will not be marketed, offered, sold or distributed in Colombia or to Colombian residents except in circumstances which do not constitute a public offer of securities in Colombia under applicable Colombian securities laws and regulations. The issuance of the Notes, its trading, and payment shall occur outside Colombia; therefore, the Notes have not been and will not be registered in the Colombian National Registry of Securities and Issuers

(*Registro Nacional de Valores y Emisores*) managed by the Colombian Superintendence of Finance and will not be listed in the Colombian Stock Exchange (*Bolsa de Valores de Colombia*). The Notes may not be promoted or marketed in Colombia or to Colombian residents unless such promotion and marketing is made in compliance with Part IV of Decree 2555 of 2010 and other applicable rules and regulations related to the promotion of foreign financial and/or securities related products or services in Colombia.

This Prospectus is for the sole and exclusive use of the person or entity into whose possession this Prospectus comes and cannot be understood as addressed or be used by any third party, including but not limited to third parties for which the person or entity into whose possession this Prospectus comes can legally or contractually represent, nor any of its limited partners, administrators, or by any of the employees of the person or entity into whose possession this Prospectus comes. Any material to be delivered in Colombia or to any person located, domiciled or established in Colombia, may not be reproduced and shall be for the sole and exclusive use of the person or entity into whose possession this Prospectus comes.

The person or entity into whose possession this Prospectus comes is deemed to acknowledge that no distinction between qualified institutional buyers and retail buyers is made under Colombian laws. Investors are deemed to acknowledge the Colombian laws and regulations (including but not limited to foreign exchange and tax regulations) applicable to any transaction or investment consummated in connection with this Prospectus and are deemed to represent that they are the sole liable party for full compliance with any such laws and regulations. The investors are deemed to represent that the investment in the Notes is a permitted investment for them under their corporate bylaws and/or particular investment regime that may be applicable and that the investment is in compliance with all provisions, limits and restrictions imposed by such investor's internal guidelines, investment policies and principles (including those relating to permissible investments and percentages of assets that may be invested in foreign currency or in assets located outside Colombia) and all other relevant acts and regulations concerning the ability of such investor to invest in the Notes.

Additionally, Colombian investors are deemed to acknowledge that the delivery of this Prospectus and any other documents related hereto does not constitute investment advisory services, thus, Colombian investors are solely liable for conducting an investment suitability analysis as per their applicable investment regime.

Dubai International Financial Centre

Each Dealer represents and agrees, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered and will not offer the Notes to be issued under the Programme to any person in the Dubai International Financial Centre unless such offer is:

(i) an "Exempt Offer" in accordance with the Markets Rules (MKT) module of the Dubai Financial Services Authority (the "**DFSA**") Rulebook; and

(ii) made only to persons who meet the Professional Client criteria set out in Rule 2.3.3 of the Conduct of Business Module of the DFSA Rulebook.

France

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that:

(i) Offer to the public in France:

it has only made and will only make an offer of Notes to the public in France in the period beginning on the notification of the approval of this Prospectus to the *Autorité des marchés financiers* ("**AMF**") by the competent authority of a member state of the European Economic

Area, other than the AMF, which has implemented the EU Prospectus Regulation (EU) 2017/1129, as amended, all in accordance with Articles L.412-1 and L.621-8 of the French Code *monétaire et financier* and the *Règlement général* of the AMF, and ending at the latest on the date which is 12 months after the date of the approval of such prospectus; or

(ii) Private placement in France:

it has not offered or sold and will not offer or sell, directly or indirectly, any Notes to the public in France and it has not distributed or caused to be distributed and will not distribute or cause to be distributed to the public in France, this Prospectus, the relevant Final Terms or Pricing Supplement or any other offering material relating to the Notes and such offers, sales and distributions have been and will be made in France only to (a) persons providing investment services relating to portfolio management for the account of third parties (*personnes fournissant le service d'investissement de gestion de portefeuille pour compte de tiers*), and/or (b) qualified investors (*investisseurs qualifiés*) acting for their own account, all as defined in, and in accordance with, Articles L.411-1, L.411-2 and D.411-1 of the French *Code monétaire et financier.*

Gibraltar

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 the Notes which are the subject of the offering contemplated by this Prospectus as completed by the relevant Final Terms or Pricing Supplement in relation thereto to the public in Gibraltar except that it may make an offer of such Notes to the public in Gibraltar if:

(i) the total consideration of the offer in the European Union is not more than €8,000,000 calculated over a period of 12 months; and

(ii) the offer is not subject to notification in accordance with Article 25 of the EU Prospectus Regulation.

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that:

(i) with respect to anything done by it in relation to the Notes, in, from or otherwise involving Gibraltar, it has complied and will continue to comply with all provisions applicable to it under Part 19 of the Financial Services Act 2019 ("**FSA 2019**"); and

(ii) it will not issue or cause to be issued, make or cause to be made, any investment advertisement or promotion in or from within Gibraltar, unless:

(a) it is authorised and/or approved to do so under the provisions applicable to it under Part 7, Permission of the FSA 2019; and

(b) it has received the prior written approval of the Company.

Guernsey

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree that the Notes cannot be marketed, offered or sold in or to persons resident in Guernsey other than in compliance with the licensing requirements of the Protection of Investors (Bailiwick of Guernsey) Law, 1987 (the "**POI Law**") as amended or any exemption therefrom.

The Prospectus Rules 2008 issued by the Guernsey Financial Services Commission ("**GFSC**") do not apply to this Prospectus and, accordingly, this Prospectus has not been, nor is required to be, submitted to or approved or authorised by the GFSC for circulation in Guernsey. This Prospectus may not be distributed or circulated directly or indirectly to any persons in the Bailiwick of Guernsey other than by a person (i) licensed to do so under the terms of the POI Law, or (ii) exempt from the requirement to be so in compliance with section 29(1)(c) of the POI Law.

Hong Kong

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that:

(i) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any Notes except for Notes which are a "structured product" as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong (the "**SFO**") other than (a) to "professional investors" as defined in the SFO and any rules made under the SFO; or (b) in other circumstances which do not result in the document being a "prospectus" as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong (the "**C(WUMP)O**") or which do not constitute an offer to the public within the meaning of the C(WUMP)O; and

(ii) it has not issued or had in its possession for the purposes of issue, and will not issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Notes, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Notes which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" as defined in the SFO and any rules made under the SFO.

Ireland

Each Dealer has represented, warranted and agreed, and each further Dealer appointed under the Programme will be required to represent, warrant and agree, that:

(i) it will not offer, underwrite the issue of, or place, the Notes otherwise than in conformity with the provisions of the European Union (Markets in Financial Instruments) Regulations 2017 (as amended) (the "**MiFID II Regulations**") including, without limitation, Regulation 5 thereof or any rules or codes of conduct made under the MiFID II Regulations, and the provisions of the Investor Compensation Act 1998 (as amended);

(ii) it will not offer, underwrite the issue of, or place, the Notes, otherwise than in conformity with the provisions of the Companies Act 2014 of Ireland (as amended) (the "**Companies Act 2014**"), the Central Banks Acts 1942 to 2018 (as amended) and any codes of practice made under Section 117(1) of the Central Bank Act 1989 (as amended);

(iii) it will not offer, underwrite the issue of, or place, or do anything in Ireland in respect of the Notes otherwise than in conformity with the provisions of the Prospectus Regulation and any rules issued by the Central Bank of Ireland (the "**Central Bank**") under Section 1363 of the Companies Act 2014;

(iv) it will not offer, underwrite the issue of, place, or otherwise act in Ireland in respect of the Notes, otherwise than in conformity with the provisions of the Market Abuse Regulation (EU 596/2014)

(as amended) and any rules and guidance issued by the Central Bank under Section 1370 of the Companies Act 2014; and

(v) no Notes will be offered or sold with a maturity of less than 12 months except in full compliance with Notice BSD C 01/02 issued by the Central Bank.

Isle of Man

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has only engaged in, and will only engage in, investment activity with Isle of Man persons, and that it has only communicated or caused to be communicated and will only communicate or cause to be communicated to, Isle of Man persons invitations or inducements to engage in investment activity, in the circumstances permitted in terms of paragraph 2(d) of Schedule 1 to the Isle of Man Regulated Activities Order 2011 (as amended in 2013, 2016 and 2018), or if it has otherwise complied and will otherwise comply with all applicable Isle of Man laws and regulations with respect to anything done by it in relation to any Notes in, from or otherwise involving the Isle of Man.

This Prospectus has not been, and is not required to be, filed or lodged with any regulatory or other authority in the Isle of Man. The Company is not subject to regulatory approval in the Isle of Man and holders of Notes are not protected by any statutory compensation arrangements in the event of the Company's failure. The Isle of Man Financial Services Authority does not vouch for the financial soundness of the Company or the correctness of any statements made or opinions expressed with regard to it.

Israel

The Notes offered hereby are not being sold pursuant to a prospectus that has been qualified with the Israeli Securities Authority. As such, the Notes may not be offered in Israel or to Israeli residents other than to persons who have confirmed in writing prior to and in connection with their investment that (i) they are among the types of investors listed in Sections (1) – (9) of Appendix 1 of the Securities Law, 5728-1968, of the State of Israel (an "**Exempted Investor**"), (ii) they are aware of the legal consequences of their qualifying as an Exempted Investor and consent thereto, and (iii) they are purchasing the Notes for their own account, for investment purposes, and without a present intention of resale.

Japan

The Notes have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended, the "**Financial Instruments and Exchange Act**"). Accordingly, each of the Dealers has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not, directly or indirectly, offered or sold and will not, directly or indirectly, offer or sell any Notes in Japan or to, or for the account or benefit of, any resident of Japan (which term as used herein means any person resident in Japan, including any corporation or other entity organised under the laws of Japan) or to others for re-offering or resale, directly or indirectly, in Japan or to, or for the account or benefit of, any resident of Japan except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the Financial Instruments and Exchange Act and other relevant laws and regulations of Japan.

Jersey

An offer for subscription, sale or exchange of the Notes will not be circulated in Jersey and this Prospectus will not be circulated in Jersey unless all relevant legal and regulatory requirements of Jersey law

have been complied with prior to such circulation. Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, on terms to this effect.

Malta

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that: (i) it has not issued or caused to be issued and it will not issue or cause to be issued any investment advertisement, as defined in the Investment Services Act (Chapter 370 of the Laws of Malta) (the "**ISA**"), in relation to the Notes or the offer of Notes, in or from within Malta, except that it may issue or cause to be issued such investment advertisement in or from within Malta if it is issued or its contents have been approved by a licence holder in terms of the ISA or if and to the extent that an exemption from the requirements set out in article 11(1)(b) of the ISA applies under Maltese law; (ii) if any offer of Notes is made to the public in Malta and/or any advertisement or any other document or information in relation to an offer of Notes or the Notes is issued or caused to be issued in or from Malta, such offer will be made and/or such advertisement, document or information will be so issued or caused to be issued in accordance with Maltese law; (iii) it has complied and will comply with all applicable provisions of the ISA (and all rules and regulations issued thereunder) with respect to anything done by it in relation to the Notes in, from, or otherwise involving Malta; and (iv) it will conduct itself in accordance with any codes or rules of conduct and any conditions or requirements imposed by the Malta Financial Services Authority with respect to anything done by it in relation to the Notes in, from, or otherwise involving Malta.

Each Dealer has further represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it will not issue or cause to be issued any investment advertisement, as defined in the ISA, in relation to the Notes or the offer of Notes, in or from within Malta, unless it is authorised to do so by the Company.

Monaco

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree that the Notes shall not be marketed, offered or sold, directly or indirectly, to the public in Monaco other than by a Monaco duly authorised intermediary acting as a professional institutional investor which has such knowledge and experience in financial and business matters as to be capable of evaluating the risks and merits of an investment in the Notes. Consequently, the Notes may only be communicated to banks duly licensed by the *Autorité de Contrôle Prudentiel* and by the *Ministère d'Etat* and/or to fully licensed portfolio management companies the licence of which has been granted by the *Commission de Contrôle des Activités Financières* by virtue of Law n° 1.338 of 7 September 2007.

The recipients of this Prospectus perfectly understand English and expressly waive the possibility of a French translation of this Prospectus. *Les destinataires du présent document comprennent parfaitement la langue anglaise et renoncent expressément à une traduction française.*

People's Republic of China

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that the Notes are not being offered or sold and may not be offered or sold by it or any of its affiliates, directly or indirectly, in the People's Republic of China (for such purposes, not including the Hong Kong and Macau Special Administrative Regions or Taiwan), except as permitted by the applicable laws of the People's Republic of China.

Republic of Italy

The offering of the Notes has not been registered with the *Commissione Nazionale per le Società e la Borsa* ("**CONSOB**") pursuant to Italian securities legislation and, accordingly, no Notes may be offered, sold or delivered, nor may copies of this Prospectus or of any other document relating to any Notes be distributed in Italy, except, in accordance with any Italian securities, tax and other applicable laws and regulations.

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 delivered, and will not offer, sell or deliver any Notes or distribute any copy of this Prospectus or any other document relating to the Notes in Italy except:

(a) to qualified investors (*investitori qualificati*), as defined pursuant to Article 2 of the Prospectus Regulation and applicable Italian laws, including of Legislative Decree no. 58 of 24 February 1998 (the "**Financial Services Act**") and implementing CONSOB regulations; or

(b) in other circumstances which are exempted from the rules on public offerings pursuant to Article 1 of the Prospectus Regulation, Article 34-ter of the CONSOB Regulation No. 11971 of 14 May 1999, as amended, and the applicable Italian laws.

In any event, any offer, sale or delivery of the Notes or distribution of copies of this Prospectus or any other document relating to the Notes in Italy under paragraph (a) or (b) above must be:

(i) made by an investment firm, bank or financial intermediary permitted to conduct such activities in Italy in accordance with the Financial Services Act, Legislative Decree No. 385 of 1 September 1993 (the "**Banking Act**") and CONSOB Regulation No. 20307 of 15 February 2018, all as amended from time to time;

(ii) in compliance with Article 129 of the Banking Act, as amended from time to time, and the implementing guidelines of the Bank of Italy (including the reporting requirements), as amended from time to time; and

(iii) in compliance with any other applicable laws and regulations, including any limitation or requirement which may be imposed from time to time by CONSOB or the Bank of Italy or other competent authority.

Republic of Korea

The Notes have not been and will not be registered with the Financial Services Commission of Korea for public offering in Korea under the Financial Investment Services and Capital Markets Act and its subordinate decrees and regulations (collectively the "**FSCMA**"). The Notes may not be offered, sold or delivered, directly or indirectly, or offered or sold to any person for re-offering or resale, directly or indirectly, in Korea or to any resident of Korea except as otherwise permitted under the applicable laws and regulations of Korea, including the FSCMA and the Foreign Exchange Transaction Law and its subordinate decrees and regulations (collectively, the "**FETL**"). Without prejudice to the foregoing, the number of the Notes offered in Korea or to a resident in Korea shall be less than fifty, and for a period of one year from the Issue Date of the Notes, none of the Notes may be divided resulting in an increased number of the Notes. Furthermore, the Notes may not be resold to Korean residents unless the purchaser of the Notes complies with all applicable regulatory requirements (including but not limited to government reporting requirements under the FETL) in connection with the purchase of the Notes.

San Marino

This Prospectus has not been registered with the Central Bank of San Marino ("*Banca Centrale della Repubblica di San Marino*", also "**BCSM**"). Accordingly, each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that Notes may only be offered or sold to the public in San Marino pursuant to and in compliance with the Law 2005/165 "*Legge sulle imprese e sui servizi bancari, finanziari ed assicurativi*", the BCSM Rule 2007/07 and BCSM Rules 2006-03, as amended, and any regulation issued thereunder. Therefore, no offer will be made to the public, whether directly or indirectly, in San Marino unless it is in compliance with the LISF and BCSM Rules 2006-03 and 2007/07 and any regulation issued thereunder.

It is specified that also in the case of purchase in San Marino by "professional clients", neither the Company nor foreign distributors can place the Notes directly in San Marino because in any case they must contact an authorised party in San Marino which can provide investment services. A direct placement of the Notes, in the absence of specific authorisation by the BCSM, would involve in a violation pursuant to Article 134 of Law 2005/165.

Singapore

Each Dealer has acknowledged, and each further Dealer appointed under the Programme will be required to acknowledge, that this Prospectus has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, each Dealer has represented, warranted and agreed, and each further Dealer appointed under the Programme will be required to represent, represent and agree, that it has not offered or sold any Notes or caused the Notes to be made the subject of an invitation for subscription or purchase and will not offer or sell any Notes or cause the Notes to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, this 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 Securities and Futures Act (Chapter 289) of Singapore, as modified or amended from time to time (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), 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 Notes are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

(a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or

(b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

securities or securities-based derivatives contracts (each term as defined in Section 2(1) of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Notes pursuant to an offer made under Section 275 of the SFA except:

(i) to an institutional investor or to a relevant person or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA;

(ii) where no consideration is or will be given for the transfer;

(iii) where the transfer is by operation of law;

(iv) as specified in Section 276(7) of the SFA; or

(v) as specified in Regulation 37A of the Securities and Futures (Offers of Investments) (Securities and Securities-based Derivatives Contracts) Regulations 2005 of Singapore.

Spain

This Prospectus has not been registered with the Spanish Securities Market Regulator (*Comisión Nacional del Mercado de Valores*). Accordingly, each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that that it will only offer securities with a nominal value each of at least €100,000, pursuant to and in accordance with the consolidated text of the Securities Market Law approved by Royal Legislative Decree 4/2015, Spanish Royal Decree 1310/2005, both as amended or superseded from time to time, and any regulation issued thereunder.

Sweden

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that no offer will be made to the public in Sweden unless it is in compliance with the Swedish Financial Instruments Trading Act (*Sw. lag (1991:980) om handel med finansiella instrument*) and any other applicable Swedish law.

Switzerland

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that, except where explicitly permitted by the relevant Final Terms or Pricing Supplement:

(i) except as set out below, it will not make a public offer of the Notes, directly or indirectly, in Switzerland, as such terms are defined or interpreted under the Swiss Financial Services Act ("**FinSA**");

(ii) the Notes will not be admitted by it to trading on a trading venue (exchange or multilateral trading facility) in Switzerland;

(iii) it will not offer, sell, advertise or distribute the Notes, directly or indirectly, in Switzerland, as such terms are defined or interpreted under the FinSA, except to professional clients as such term is defined or interpreted under the FinSA (the "**Professional Investors**"); and

(iv) no key information document pursuant to article 58(1) FinSA (or any equivalent document under the FinSA) has been or will be prepared in relation to any Notes and, therefore, any Notes with a derivative character within the meaning of article 86(2) of the Swiss Financial Services Ordinance may not be offered or recommended to private clients within the meaning of the FinSA in Switzerland.

The Notes may not be publicly offered, directly or indirectly, in Switzerland, except (i) to Professional Investors or (ii) in the case of Notes, the Final Terms or Pricing Supplement of which explicitly permit a public offer in Switzerland. Offering or marketing material relating to Notes, the Final Terms or Pricing Supplement of which do not explicitly permit a public offer in Switzerland, may not be distributed or otherwise made available in Switzerland, except to Professional Investors.

The Notes shall not be admitted to trading on a trading venue (exchange or multilateral trading facility) in Switzerland except in the case of Notes, the Final Terms or Pricing Supplement of which explicitly provide for such an admission to trading in Switzerland.

The Notes do not constitute participations in a collective investment scheme within the meaning of the Swiss Collective Investment Schemes Act ("**CISA**"). Therefore, the Notes are not subject to the approval of, or supervision by, the Swiss Financial Market Supervisory Authority ("**FINMA**"), and investors in the Notes will not benefit from protection under the CISA or supervision by FINMA.

Taiwan

The Notes, if listed on the Taipei Exchange for sale to professional or general investors in Taiwan and to the extent permitted by the relevant Taiwan laws and regulations, may be sold in Taiwan to professional or general investors, as applicable, or, if not listed on the Taipei Exchange, may be made available, (i) to Taiwan resident investors outside Taiwan for purchase by such investors outside Taiwan; (ii) to the Offshore Banking Units of Taiwan banks ("**OBU**"), the Offshore Securities Units of Taiwan securities firms ("**OSU**") or the Offshore Insurance Unit of Taiwan insurance companies ("**OIU**") purchasing the Notes either for their proprietary account or for the accounts of their non-Taiwan clients or for re-sale to qualifying Taiwan and non-Taiwan investors ("**OBU/OSU/OIU Channel Sales**"); and/or (iii) to investors in Taiwan through certain licensed Taiwan financial institutions to the extent permitted under relevant Taiwan laws and regulations, but may not, otherwise be offered, sold or resold in Taiwan.

To the extent the Notes are offered to non-Taiwan clients via OBU/OSU/OIU Channel Sales, the relevant offering documents provided to such clients shall contain the following notification:

The Notes offered herein have not been reviewed or approved by the Taiwan authorities and are not subject to any filing or reporting requirement. The Notes are only permitted to be recommended or introduced to or purchased by clients of an OBU/OSU/OIU which clients reside outside Taiwan Clients of an OBU/OSU/OIU are not eligible to use the financial consumer dispute resolution mechanism under the Taiwan Financial Consumer Protection Law.

United Arab Emirates (excluding the Dubai International Financial Centre)

Each Dealer has represented and agreed and each further Dealer appointed under the Programme will be required to represent and agree, that the Notes to be issued have not been and will not be offered, sold or publicly promoted or advertised by it in the United Arab Emirates other than in compliance with any laws applicable in the United Arab Emirates governing the issue, offering and sale of securities.

Uruguay

The Notes have not been registered with the Superintendence of Financial Services in Uruguay and were not and will not be traded on any Uruguayan stock exchange.

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 and will not offer the Notes to the public in Uruguay, except pursuant only to a private offer of securities.

General

These selling restrictions may be modified by the agreement of the Company and the Dealers following a change in a relevant law, regulation or directive.

No representation is made that any action has been taken in any jurisdiction that would permit a public offering of any of the Notes, or possession or distribution of this Prospectus or any other offering material or any Final Terms or Pricing Supplement, in any country or jurisdiction where action for that purpose is required.

Neither the Company nor the Dealers represent that Notes may at any time lawfully be sold in compliance with any appropriate registration or other requirements in any jurisdiction, or pursuant to any exemption available thereunder, or assumes any responsibility for facilitating such sale.

If, in respect of any offering of Notes, the offer of such Notes in a given jurisdiction is required to be made by a licensed broker or dealer and if any Dealer or any affiliate of any Dealer involved in such offering is so licensed and so agrees, the offer of such Notes in such jurisdiction shall be deemed to be made by the relevant Dealer(s) or affiliate(s), as the case may be, on behalf of the Company.

Each Dealer has agreed, and each further Dealer appointed under the Programme will be required to agree, that it shall, to the best of its knowledge and belief, comply with all relevant laws, regulations and directives in each jurisdiction in which it purchases, offers, sells or delivers Notes or has in its possession or distributes this Prospectus, any other offering material or any Final Terms or Pricing Supplement and, that it will, obtain any consent, approval or permission required by it for the purchase, offer, sale or delivery by it of Notes under the laws, regulations and directives in force in any jurisdiction to which it is subject or in which it makes such purchases, offers, sale or deliveries, and neither the Company nor any other Dealer shall have responsibility therefor.

TRANSFER RESTRICTIONS

Each purchaser of Notes outside the United States pursuant to Regulation S and each subsequent purchaser of such Notes in resales prior to the expiration of the distribution compliance period (as used in "**Selling Restrictions**"), by its acceptance of such Notes, will be deemed to have represented, agreed and acknowledged that:

(i) It is, or at the time Notes are purchased will be, the beneficial owner of such Notes and (a) it is not a U.S. person and it is located outside the United States (as such terms are defined in Regulation S) and (b) it is not an affiliate of the Company or a person acting on behalf of such an affiliate.

(ii) It understands that such Notes have not been and will not be registered under the Securities Act and that, prior to the expiration of the distribution compliance period, it will not offer, sell, pledge or otherwise transfer such Notes except in an offshore transaction in accordance with Rule 903 or Rule 904 of Regulation S, in each case in accordance with any applicable securities laws of any State of the United States.

(iii) It understands that the Company, the Registrar, the Dealers and their affiliates, and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements.

(iv) It understands that the Notes offered in reliance on Regulation S will be represented by a Global Certificate or a Global Note. Prior to the expiration of the distribution compliance period, before any interest in the Global Certificate or the Global Note may be offered, sold, pledged or otherwise transferred to a person who takes delivery in the form of an interest in the Global Certificate or the Global Note, it will be required to provide a Transfer Agent with a written certification (in the form provided in the Agency Agreement) as to compliance with applicable securities laws.

(v) It understands that such Notes, unless otherwise determined by the Company in accordance with applicable law, will bear a legend to the following:

> "THIS NOTE HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933 (THE "SECURITIES ACT") OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES AND MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED WITHIN THE UNITED STATES, EXCEPT PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT."

FORM OF FINAL TERMS

[MiFID II product governance / Professional investors and ECPs only target market: Solely for the purposes of 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**"); 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 manufacturers' 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 manufacturers' target market assessment) and determining appropriate distribution channels.]

PROHIBITION OF SALES TO EEA AND 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 European Economic Area ("**EEA**") or in the United Kingdom (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 (11) of Article 4(1) of MiFID II; or (ii) a customer within the meaning of Directive (EU) 2016/97, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II. Consequently, no key information document required by Regulation (EU) No 1286/2014 (the "**PRIIPs Regulation**") for offering or selling the Notes or otherwise making them available to retail investors in the EEA or in the UK has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA or in the UK may be unlawful under the PRIIPs Regulation.

[**Singapore Securities and Futures Act Product Classification:** In connection with Section 309B of the Securities and Futures Act (Chapter 289) of Singapore (the "**SFA**") and the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore (the "**CMP Regulations 2018**"), the Company 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] / [capital markets products other than prescribed capital markets products] (as defined in the CMP Regulations 2018) and [are] [Excluded] / [Specified] Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendation on Investment Products.][8]

PROHIBITION OF SALES TO SWISS 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 Switzerland. For these purposes, a retail investor means a person who is a retail client as defined in Article 4 of the Swiss Financial Services Act ("**FINSA**"). Conse-quently, no key information document required by Regulation (EU) No 1286/2014 (or any equiva-lent document under the FinSA) has been or will be prepared in relation to any Notes and (ii) there-fore, any Notes with a derivative character within the meaning of article 86 (2) of the Swiss Finan-cial Services Ordinance may not be offered or recommended to private clients within the meaning of the FinSA in Switzerland.

Final Terms dated [●]

Lloyds Banking Group plc

Legal Entity Identifier (LEI): 549300PPXHEU2JF0AM85

[8] For any Notes to be offered to Singapore investors, the Company to consider whether it needs to re-classify the Notes pursuant to Section 309B of the SFA prior to the launch of the offer.

Issue of [Aggregate Nominal Amount of Tranche] [Title of Notes]
under the £25,000,000,000

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 (the "**Conditions**") contained in the Trust Deed dated [**date**] and set forth in the Prospectus dated [**date**] [and the supplemental Prospectus[es] dated [**date[s]**]] which [together] constitute[s] a base prospectus for the purposes of the Prospectus Regulation (Regulation (EU) 2017/1129) (the "**Prospectus Regulation**"). This document constitutes the Final Terms of the Notes described herein for the purposes of the Prospectus Regulation and must be read in conjunction with such Prospectus [as so supplemented] in order to obtain all the relevant information. The Prospectus [and the supplemental Prospectus[es]] [is] [are] published on the Company's website [●].

[Terms used herein shall be deemed to be defined as such for the purposes of the Conditions (the "**Conditions**") contained in the Trust Deed dated [**original date**] and set forth in the Prospectus dated [**original date**] [and the supplemental Prospectus[es] dated [**date[s]**]] and incorporated by reference into the Prospectus dated [**current date**]. This document constitutes the Final Terms of the Notes described herein for the purposes of the Prospectus Regulation (Regulation (EU) 2017/1129) (the "**Prospectus Regulation**") and must be read in conjunction with the Prospectus dated [**current date**] [and the supplemental Prospectus[es] dated [**date[s]**]], which [together] constitute[s] a base prospectus for the purposes of the Prospectus Regulation in order to obtain all the relevant information, save in respect of the Conditions which are extracted from the Prospectus dated [**original date**] [and the Supplemental Prospectus[es] dated [**date[s]**]. The Prospectuses [and the supplemental Prospectus[es]] are published on the Company's website [●].

1	Issuer:		Lloyds Banking Group plc (the "**Company**")
2	(i)	Series Number:	[●]
	(ii)	[Tranche Number:]	[●]
	(iii)	[Date on which 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, which is expected to occur on or about [●]]/Not Applicable]
3	Specified Currency:		[●]
4	Aggregate Nominal Amount:		[●]
	(i)	Series:	[●]
	(ii)	Tranche:	[●]
5	Issue Price:		[●] per cent. of the Aggregate Nominal Amount [plus accrued interest from [●]]

6	(i)	Specified Denominations:	[●] [and integral multiples of [●] in excess thereof up to and including [●]. No Notes in definitive form will be issued with a denomination above [●]]
	(ii)	Calculation Amount:	[●] [Each Fixed Coupon Amount shall be calculated by multiplying the product of the Rate of Interest and the Calculation Amount by the Day Count Fraction and rounding the resultant figure to the nearest CNY0.01, with CNY0.005 being rounded upwards.]
	[(iii)	Minimum Consideration Payable:]	[The Notes will not be issued to a subscriber of the Notes unless the aggregate consideration payable by the subscriber is at least A$500,000 (or its equivalent in an alternative currency, in either case, disregarding moneys lent by the offeror or its associates)]
7	(i)	[Issue Date:]	[●]
	(ii)	[Interest Commencement Date:]	[Issue Date/[●]/Not Applicable]
8	Maturity Date:		[[●]/Interest Payment Date falling in or nearest to [●]][, subject to adjustment in accordance with the Business Day Convention specified at paragraph [17(vii)][18(xix)][19(iv)] below.]
9	Interest Basis:		[[●] per cent. Fixed Rate] [[●] per cent. to be reset on [●] [[and [●]] and every [●] anniversary thereafter Fixed Rate Reset]] [[[●] [[●] LIBOR]/[EURIBOR]/[BBSW]/[CDOR]/[NIBOR]/[€STR]/[SONIA]/[SOFR]] [[+/–] [●] per cent.] Floating Rate] [Zero Coupon]
10	Redemption Basis:		[Redemption at par/Redemption at [●] per Calculation Amount]
11	Change of Interest or Redemption/Payment Basis:		[[●]/Not Applicable]
12	Alternative Currency Equivalent:		[Not Applicable/Applicable]
	(i)	Alternative	[●]
	(ii)	Alternative Currency Adjudication Agent:	[●]
	(iii)	Alternative Currency Calculation Agent:	[●]

(iv)	Rate Calculation Jurisdiction(s):	[●]
(v)	Rate Calculation Business Days:	[●]
(vi)	Scheduled Payment Currency	As specified in the Conditions [and [●]]
(vii)	Settlement Rate Option:	[[●]/Alternative Currency Adjudication Agent Determination]
(viii)	USD Settlement Rate Option:	[[●]/Alternative Currency Adjudication Agent Determination/Not Applicable]
(ix)	Maximum Days of Postponement:	[●]

13	Put/Call Options:	[Put Option] [Call Option] [(further particulars specified below)]
14	Status of the Notes:	[Senior/Dated Subordinated]
15	Senior Notes Waiver of Set-off:	[Applicable/Not Applicable]
16	Senior Notes Restricted Events of Default:	[Applicable/Not Applicable]

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

17	**Fixed Rate Note Provisions**	[Applicable/Not Applicable]
(i)	Rate[(s)] of Interest:	[●] per cent. per annum [payable [annually/semi-annually/ quarterly/ monthly] in arrear]
(ii)	Interest Payment Date(s):	[●] in each year [from and including [●]][until and including [●]][, subject, in each case, to adjustment in accordance with the Business Day Convention specified at paragraph 17(vii) below.] [Provided that if any Interest Payment Date falls on a day which is not a Business Day, the Interest Payment Date will be the next succeeding Business Day unless it would thereby fall in the next calendar month in which event the Interest Payment Date shall be brought forward to the immediately preceding Business Day. For these purposes, "Business Day" means a day on which commercial banks and foreign exchange markets settle payment and are open for

		general business (including dealing in foreign exchange and currency deposits) in Hong Kong.]
	(iii) Fixed Coupon Amount[(s)]:	[[●] per Calculation Amount] [Each Fixed Coupon Amount shall be calculated by multiplying the product of the Rate of Interest and the Calculation Amount by the Day Count Fraction and rounding the resultant figure to the nearest CNY0.01, with CNY0.005 being rounded upwards.]
	(iv) Broken Amount(s):	[[[●] per Calculation Amount][CAD[●] calculated by reference to the Aggregate Nominal Amount], payable on the Interest Payment Date falling [in/on] [●]/Not Applicable]
	(v) Day Count Fraction:	[Actual/365] [Actual/365 (fixed)] [Actual/360] [30/360] [30E/360] [30E/360 (ISDA)] [Actual/Actual ICMA] [Actual/Actual (Canadian Compound Method)]
	(vi) Determination Dates:	[[●] in each year/Not Applicable]
	(vii) [Business Day Convention:	[Floating Rate Business Day Convention]/[Following Business Day Convention (Adjusted)]/[Following Business Day Convention (Unadjusted)]/[Modified Following Business Day Convention (Adjusted)]/[Modified Following Business Day Convention (Unadjusted)]/[Preceding Business Day Convention (Adjusted)]/[Preceding Business Day Convention (Unadjusted)]/[Not Applicable]
18	**Fixed Rate Reset Note Provisions**	[Applicable/Not Applicable]
	(i) Initial Rate of Interest:	[●] per cent. per annum [payable [annually/semi-annually/quarterly/monthly] in arrear]
	(ii) Interest Payment Date(s):	[●] [and [●]] in each year [from and including [●]][until and including [●]][, subject, in each case, to adjustment in accordance with the Business Day Convention specified at paragraph 18(xix) below.]
	(iii) First Reset Date:	[●]
	(iv) Second Reset Date:	[[●]/Not Applicable]
	(v) Anniversary Date(s):	[[●]/Not Applicable]
	(vi) Reset Determination Dates:	[●]

(vii) Reset Rate:	[[semi-annual][annualised]Mid-Swap Rate] [Benchmark Gilt Rate] [CMT Rate]
(viii) Swap Rate Period:	[[●]/Not Applicable]
(ix) CMT Designated Maturity:	[[●]/Not Applicable]
(x) Screen Page:	[ICESWAP 1]/[ICESWAP 2]/[ICESWAP 3]/[ICESWAP 4]/[ICESWAP 5]/[ICESWAP 6]/[●]/[Not Applicable]
(xi) Fixed Leg	[[semi-annual]/[annual] calculated on a[n Actual/365]/[30/360]/[●] day count basis]/[Not Applicable]
(xii) Floating Leg	[[3]/[6]/[●]-month [LIBOR]/[EURIBOR]/[●] rate calculated on an[Actual/365]/[Actual/360]/[●] day count basis]/[Not Applicable]
(xiii) Margin[(s)]:	[+/–] [●] per cent. per annum
(xiv) Fixed Coupon Amount[(s)] to (but excluding) the First Reset Date:	[[●] per Calculation Amount]
(xv) Broken Amount[(s)]:	[[[●] per Calculation Amount][CAD[●] calculated by reference to the Aggregate Nominal Amount], payable on the Interest Payment Date falling [in/on] [●]/Not Applicable]
(xvi) Day Count Fraction:	[Actual/365] [Actual/365 (fixed)] [Actual/360] [30/360] [30E/360] [30E/360 (ISDA)] [Actual/Actual ICMA] [Actual/Actual (Canadian Compound Method)]
(xvii) Determination Dates:	[[●] in each year/Not Applicable]
(xviii) Calculation Agent:	[●]
(xix) Benchmark Determination Agent:	[●]/[Calculation Agent]/[To be appointed by the Company prior to the Reset Determination Date]/[Not Applicable]
(xx) Business Day Convention:	[Floating Rate Business Day Convention]/[Following Business Day Convention (Adjusted)]/[Following Business Day Convention (Unadjusted)]/[Modified Following Business Day Convention (Adjusted)]/[Modified Following Business Day Convention (Unadjusted)]/[Preceding Business Day Convention

		(Adjusted)]/[Preceding Business Day Convention (Unadjusted)]/[Not Applicable]
	(xxi) First Reset Period Fallback:	[●]
19	**Floating Rate Note Provisions**	[Applicable/Not Applicable]
	(i) Interest Period(s):	[●]
	(ii) Specified Interest Payment Dates:	[●][from and including [●]][until and including [●]]
	(iii) Interest Period Date:	[Not Applicable]/ [[●] in each year[, subject, in each case, to adjustment in accordance with the Business Day Convention specified in paragraph 19(iv) below/, not subject to any adjustment[, as the Business Day Convention in paragraph 19(iv) below is specified to be Not Applicable]]
	(iv) Business Day Convention:	[Floating Rate Business Day Convention]/[Following Business Day Convention (Adjusted)]/[Following Business Day Convention (Unadjusted)]/[Modified Following Business Day Convention (Adjusted)]/[Modified Following Business Day Convention (Unadjusted)]/[Preceding Business Day Convention (Adjusted)]/[Preceding Business Day Convention (Unadjusted)]/[Not Applicable]
	(v) Business Centre(s):	[●]
	(vi) Manner in which the Rate(s) of Interest is/are to be determined:	[Screen Rate Determination/ISDA Determination]
	(vii) Party responsible for calculating the Rate(s) of Interest and Interest Amount(s) / Calculation Agent (if not the Issuing and Paying Agent):	[[●]/Not Applicable]
	(viii) Screen Rate Determination:	[Applicable – Term Rate/Applicable – Overnight Rate/Not Applicable]
	- Calculation Method:	[Weighted Average/Compounded Daily/Not Applicable]
	- Reference Rate:	[[[●]]-month] [[[●]] LIBOR]/[EURIBOR]/[BBSW]/[CDOR]/ [NIBOR]/[€STR]/[SONIA]/[SOFR]

- Interest Determination Date(s): [[●] [TARGET/[●]] Business Days [in [●]] prior to the [●] day in each Interest Accrual Period/each Interest Payment Date][[●] Business Days prior to the end of each Interest Period] [●]
- Relevant Screen Page: [[●]/Not Applicable]
- Relevant Time: [●]
- Observation Method: [Lag/Lock-out/Observation Shift/Not Applicable]
- Lag Look-back Period: [[●]/Not Applicable]
- Observation Shift Period: [[●]/Not Applicable]
- D: [365/360/[●]]

– Index Determination: [Applicable/Not Applicable]

(ix) ISDA Determination: [Applicable/Not Applicable]

– Floating Rate Option: [●]

– Designated Maturity: [●]

– Reset Date: [●]

– ISDA Definitions: [●]/[Not Applicable]

(x) Linear Interpolation: [Not Applicable/Applicable – the Rate of Interest for the [long/short] [first/last] Interest Period shall be calculated using Linear Interpolation]

(xi) Margin[(s)]: [[+/–] [●] per cent. per annum]/[Not Applicable]

(xii) Minimum Rate of Interest: [[●] per cent. per annum]/[Not Applicable]

(xiii) Maximum Rate of Interest: [[●] per cent. per annum]/[Not Applicable]

(xiv) Day Count Fraction: [Actual/365]
[Actual/365 (fixed)]
[Actual/360]
[30/360]
[30E/360]
[30E/360 (ISDA)]
[Actual/Actual ICMA]
[Actual/Actual (Canadian Compound Method)]

(xv)	Benchmark Transition Event	[Applicable/Not Applicable]
20	**Zero Coupon Note Provisions**	[Applicable/Not Applicable]
(i)	Amortisation Yield:	[●] per cent. per annum
(ii)	Amortisation Yield compounding basis:	[Compounded/Non-compounded] [annually/semi-annually/other]
(iii)	Reference Price:	[●]
(iv)	Any other formula/basis of determining amount payable:	[●]

PROVISIONS RELATING TO REDEMPTION

21	**Call Option**	[Applicable/Not Applicable]
(i)	Optional Redemption Date(s):	[●][, subject, in each case, to adjustment in accordance with the Business Day Convention specified at paragraph [17(vii)][18(xix)][19(iv)] above.]
(ii)	Optional Redemption Amount(s):	[[●] per Calculation Amount/Early Redemption Amount]
(iii)	If redeemable in part:	
(a)	Minimum Redemption Amount:	[[●] per Calculation Amount/Not Applicable]
(b)	Maximum Redemption Amount:	[[●] per Calculation Amount/Not Applicable]
(iv)	Notice period:	[●]/[Not less than five nor more than [●] days]
22	**Put Option**	[Applicable/Not Applicable]
(i)	Optional Redemption Date(s):	[●][, subject, in each case, to adjustment in accordance with the Business Day Convention specified at paragraph [17(vii)][18(xix)][19(iv)] above.]
(ii)	Optional Redemption Amount(s):	[[●] per Calculation Amount/Early Redemption Amount]
(iii)	Notice period:	[●]

23	**Capital Disqualification Event Call**	[Applicable/Not Applicable]
24	**Loss Absorption Disqualification Event Call**	[Applicable/Not Applicable]
	Loss Absorption Disqualification Event - Partial Exclusion:	[Applicable/Not Applicable]
25	**Final Redemption Amount**	[[●] per Calculation Amount/[●]]
26	**Early Redemption Amount**	
	Early Redemption Amount(s) payable on redemption for taxation reasons, following a Capital Disqualification Event or on event of default or other early redemption:	[[●] per Calculation Amount /[●]]
27	**Capital Disqualification Event Substitution and Variation**	[Applicable/Not Applicable]

GENERAL PROVISIONS APPLICABLE TO THE NOTES

28	**Form of Notes:**	**Bearer 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] [Permanent Global Note exchangeable for Definitive Notes in the limited circumstances specified in the Permanent Global Note] [Registered Notes – Global Certificate — [Euroclear/Clearstream Luxembourg]/[CMU Service]] [CREST Depositary Interests ("**CDIs**") representing the Notes may also be issued in accordance with the usual procedures of Euroclear UK & Ireland Limited ("**CREST**")]
29	New Global Note:	[Yes]/[No]

30	Additional Financial Centre(s) or other special provisions relating to payment dates:	[Not Applicable/[●]]
31	Talons for future Coupons to be attached to Definitive Notes (and dates on which such Talons mature):	[Yes. As the Notes have more than 27 coupon payments, [a] Talon[s] may be required if, on exchange into definitive form, more than 27 coupon payments are still to be made/No]

THIRD PARTY INFORMATION

[(*Relevant third party information*) has been extracted from (*specify source*). The Company confirms that such information has been accurately reproduced and that, so far as it is aware, and is able to ascertain from information published by (*specify source*), no facts have been omitted which would render the reproduced information inaccurate or misleading.]

Signed on behalf of the Company:

By: [●]
Duly authorised

PART B – OTHER INFORMATION

1 **LISTING**

(i)	Listing:	London
(ii)	Admission to trading:	Application [has been made/is expected to be made] for the Notes to be admitted to trading on the London Stock Exchange's Regulated Market with effect from on or about [●].
(iii)	Estimate of total expenses related to admission to trading:	[●]

2 **RATINGS**

Ratings:	[The Notes to be issued have not been rated.] [The Notes to be issued [have been rated/are expected to be rated]: [S & P: [●]] [Moody's: [●]] [Fitch: [●]]] *[Need to include a brief explanation of the meaning of the ratings if this has previously been published by a ratings provider]*

3 [**INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE**

Save as discussed in ["Subscription and Sale"], so far as the Company is aware, no person involved in the issue of the Notes has an interest material to the issue.]

4 **REASONS FOR THE OFFER AND ESTIMATED NET PROCEEDS**

(i)	Reasons for the offer:	[●] [See ["Use of Proceeds"] in Prospectus]
(ii)	Estimated net proceeds:	[●]

5 [**Fixed Rate Notes only — YIELD**

Indication of yield:	[●]]

6 [**Floating Rate Notes only — HISTORIC INTEREST RATES**

Details of historic [LIBOR/EURIBOR/SONIA/SOFR] rates can be obtained from [Reuters/[●]].]

7 **OPERATIONAL INFORMATION**

ISIN:	[●]
Common Code:	[●]
Any clearing system(s) other than Euroclear Bank SA/NV and Clearstream	[Not Applicable/[●]].

Banking S.A. and the relevant identification number(s):	[The Notes will [also] be made eligible for CREST via the issue of CDIs representing the Notes.] [The Notes will be cleared through the CMU Service. CMU Instrument Number: [●]. Persons holding a beneficial interest in the Notes through Euroclear or Clearstream, Luxembourg will hold their interests through an account opened and held by Euroclear or Clearstream, Luxembourg (as applicable) with the CMU Operator.]
Delivery:	Delivery [against/free of] payment
Names and addresses of additional Paying Agent(s) (if any):	[●]/[Not Applicable]
Name and address of Calculation Agent:	[●]/[Not Applicable]
[Intended to be held in a manner which would allow Eurosystem eligibility:	[Yes. Note that the designation "yes" simply means that the Notes are intended upon issue to be deposited with one of the ICSDs as common safekeeper [(and registered in the name of a nominee of one of the ICSDs acting as common safekeeper)] *[include this text for registered notes]* 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) *[include this text for registered notes]*. 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.]]
Relevant Benchmark[s]:	[[*specify benchmark*] is provided by [*administrator legal name*]]. As at the date hereof,

		[[*administrator legal name*][appears]/[does not appear]] in the register of administrators and benchmarks established and maintained by ESMA pursuant to Article 36 (Register of administrators and benchmarks) of the Benchmark Regulation]/[As far as the Company is aware, as at the date hereof, [*specify benchmark*] does not fall within the scope of the Benchmark Regulation]/[Not Applicable]
8	**DISTRIBUTION**	
	U.S. Selling Restrictions:	[Reg S Category 2; TEFRA C/TEFRA D/TEFRA not applicable]

FORM OF PRICING SUPPLEMENT

No prospectus is required in accordance with Regulation (EU) 2017/1129, for the issue of the PR Exempt Notes described herein. The FCA acting under Part VI of FSMA has neither approved or reviewed information contained in this Pricing Supplement.

[MiFID II product governance / Professional investors and ECPs only target market: Solely for the purposes of 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**"); 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 manufacturers' 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 manufacturers' target market assessment) and determining appropriate distribution channels.]

PROHIBITION OF SALES TO EEA AND 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 European Economic Area ("**EEA**") or in the United Kingdom (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 (11) of Article 4(1) of MiFID II; or (ii) a customer within the meaning of Directive (EU) 2016/97, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II. Consequently, no key information document required by Regulation (EU) No 1286/2014 (the "**PRIIPs Regulation**") for offering or selling the Notes or otherwise making them available to retail investors in the EEA or in the UK has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA or in the UK may be unlawful under the PRIIPs Regulation.

[**Singapore Securities and Futures Act Product Classification:** In connection with Section 309B of the Securities and Futures Act (Chapter 289) of Singapore (the "**SFA**") and the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore (the "**CMP Regulations 2018**"), the Company 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] [capital markets products other than prescribed capital markets products] (as defined in the CMP Regulations 2018) and [are] [Excluded] / [Specified] Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendation on Investment Products.][9]

PROHIBITION OF SALES TO SWISS 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 Switzerland. For these purposes, a retail investor means a person who is a retail client as defined in Article 4 of the Swiss Financial Services Act ("**FinSA**"). Consequently, no key information document required by Regulation (EU) No 1286/2014 (or any equivalent document under the FinSA) has been or will be prepared in relation to any Notes and (ii) therefore, any Notes with a derivative character within the meaning of article 86 (2) of the Swiss Financial Services Ordinance may not be offered or recommended to private clients within the meaning of the FinSA in Switzerland.

Pricing Supplement dated [●]

Lloyds Banking Group plc

[9] For any Notes to be offered to Singapore investors, the Company to consider whether it needs to re-classify the Notes pursuant to Section 309B of the SFA prior to the launch of the offer.

Legal Entity Identifier (LEI): 549300PPXHEU2JF0AM85

Issue of [Aggregate Nominal Amount of Tranche] [Title of Notes]
under the £25,000,000,000

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 (the "**Conditions**") contained in the Trust Deed dated [**date**] and set forth in the Prospectus dated [**date**] [and the supplemental Prospectus[es] dated [**date[s]**]]. This document constitutes the Pricing Supplement of the PR Exempt Notes described herein and must be read in conjunction with the Prospectus [as so supplemented] in order to obtain all the relevant information. The Prospectus [and the supplemental Prospectus[es]] [is] [are] published on the Company's website [●].

[Terms used herein shall be deemed to be defined as such for the purposes of the Conditions (the "**Conditions**") contained in the Trust Deed dated [**original date**] and set forth in the Prospectus dated [**original date**] [and the supplemental Prospectus[es] dated [**date[s]**]] and incorporated by reference into the Prospectus dated [**current date**]. This document constitutes the Pricing Supplement of the Notes and must be read in conjunction with the Prospectus dated [**current date**] [and the supplemental Prospectus[es] dated [**date[s]**]], which [together] constitute[s] a base prospectus for the purposes of the Prospectus Regulation (as amended or superseded) in order to obtain all the relevant information, save in respect of the Conditions which are extracted from the Prospectus dated [**original date**] [and the Supplemental Prospectus[es] dated [**date[s]**]. The Prospectuses [and the supplemental Prospectus[es]] are published on the Company's website [●].

1	Issuer:		Lloyds Banking Group plc (the "**Company**")
2	(i)	Series Number:	[●]
	(ii)	[Tranche Number:]	[●]
	(iii)	[Date on which 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, which is expected to occur on or about [●]]/Not Applicable]
3	Specified Currency:		[●]
4	Aggregate Nominal Amount:		[●]
	(i)	Series:	[●]
	(ii)	Tranche:	[●]
5	Issue Price:		[●] per cent. of the Aggregate Nominal Amount [plus accrued interest from [●]]
6	(i)	Specified Denominations:	[●] [and integral multiples of [●] in excess thereof up to and including [●]. No Notes in definitive form will be issued with a denomination above [●]]
	(ii)	Calculation Amount:	[●]

			[Each Fixed Coupon Amount shall be calculated by multiplying the product of the Rate of Interest and the Calculation Amount by the Day Count Fraction and rounding the resultant figure to the nearest CNY0.01, with CNY0.005 being rounded upwards.]
	[(iii)	Minimum Consideration Payable:]	[The Notes will not be issued to a subscriber of the Notes unless the aggregate consideration payable by the subscriber is at least A$500,000 (or its equivalent in an alternative currency, in either case, disregarding moneys lent by the offeror or its associates)]
7	(i)	[Issue Date:]	[●]
	(ii)	[Interest Commencement Date:]	[Issue Date/[●]/Not Applicable]
8	Maturity Date:		[[●]/Interest Payment Date falling in or nearest to [●]][, subject to adjustment in accordance with the Business Day Convention specified at paragraph [17(vii)][18(xix)][19(iv)] below.]
9	Interest Basis:		[[●] per cent. Fixed Rate] [[●] per cent. to be reset on [●] [[and [●]] and every [●] anniversary thereafter Fixed Rate Reset]] [[[●] [[●] LIBOR]/[EURIBOR]/[BBSW]/[CDOR]/[NIBOR]/[€STR]/[SONIA]/[SOFR]] [[+/–] [●] per cent.] Floating Rate] [Zero Coupon]
10	Redemption Basis:		[Redemption at par/Redemption at [●] per Calculation Amount]
11	Change of Interest or Redemption/Payment Basis:		[[●]/Not Applicable]
12	Alternative Currency Equivalent:		[Not Applicable/Applicable]
	(i)	Alternative Currency:	[●]
	(ii)	Alternative Currency Adjudication Agent:	[●]
	(iii)	Alternative Currency Calculation Agent:	[●]
	(iv)	Rate Calculation Jurisdiction(s):	[●]
	(v)	Rate Calculation Business Days:	[●]
	(vi)	Scheduled Payment Currency Disruption Events:	As specified in the Conditions [and [●]]

	(vii) Settlement Rate Option:	[[●]/Alternative Currency Adjudication Agent Determination]
	(viii) USD Settlement Rate Option:	[[●]/Alternative Currency Adjudication Agent Determination/Not Applicable]
	(ix) Maximum Days of Postponement:	[●]
1	Put/Call Options:	[Put Option] [Call Option] [(further particulars specified below)]
1	Status of the Notes:	[Senior/Dated Subordinated]
1	Senior Notes Waiver of Set-off:	[Applicable/Not Applicable]
1	Senior Notes Restricted Events of Default:	[Applicable/Not Applicable]

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

1	**Fixed Rate Note Provisions**	[Applicable/Not Applicable]
	(i) Rate[(s)] of Interest:	[●] per cent. per annum [payable [annually/semi-annually/ quarterly/ monthly] in arrear]
	(ii) Interest Payment Date(s):	[●] in each year [from and including [●]][until and including [●]][, subject, in each case, to adjustment in accordance with the Business Day Convention specified at paragraph 17(vii) below.] [Provided that if any Interest Payment Date falls on a day which is not a Business Day, the Interest Payment Date will be the next succeeding Business Day unless it would thereby fall in the next calendar month in which event the Interest Payment Date shall be brought forward to the immediately preceding Business Day. For these purposes, "Business Day" means a day on which commercial banks and foreign exchange markets settle payment and are open for general business (including dealing in foreign exchange and currency deposits) in Hong Kong.]
	(iii) Fixed Coupon Amount[(s)]:	[[●] per Calculation Amount] [Each Fixed Coupon Amount shall be calculated by multiplying the product of the Rate of Interest and the Calculation Amount by the Day Count Fraction and rounding the resultant figure to the nearest CNY0.01, with CNY0.005 being rounded upwards.]

(iv)	Broken Amount(s):	[[[●] per Calculation Amount][CAD[●] calculated by reference to the Aggregate Nominal Amount], payable on the Interest Payment Date falling [in/on] [●]/Not Applicable]
(v)	Day Count Fraction:	[Actual/365] [Actual/365 (fixed)] [Actual/360] [30/360] [30E/360] [30E/360 (ISDA)] [Actual/Actual ICMA] [Actual/Actual (Canadian Compound Method)] [●]
(vi)	Determination Dates:	[[●] in each year/Not Applicable]
(vii)	[Business Day Convention:	[Floating Rate Business Day Convention]/[Following Business Day Convention (Adjusted)]/[Following Business Day Convention (Unadjusted)]/[Modified Following Business Day Convention (Adjusted)]/[Modified Following Business Day Convention (Unadjusted)]/[Preceding Business Day Convention (Adjusted)]/[Preceding Business Day Convention (Unadjusted)]/[Not Applicable] [●]
18	**Fixed Rate Reset Note Provisions**	[Applicable/Not Applicable]
(i)	Initial Rate of Interest:	[●] per cent. per annum [payable [annually/semi-annually/quarterly/monthly] in arrear]
(ii)	Interest Payment Date(s):	[●] [and [●]] in each year [from and including [●]][until and including [●]][, subject, in each case, to adjustment in accordance with the Business Day Convention specified at paragraph 18(xix) below.]
(iii)	First Reset Date:	[●]
(iv)	Second Reset Date:	[[●]/Not Applicable]
(v)	Anniversary Date(s):	[[●]/Not Applicable]
(vi)	Reset Determination Dates:	[●]
(vii)	Reset Rate:	[[semi-annual][annualised]Mid-Swap Rate] [Benchmark Gilt Rate] [CMT Rate]
(viii)	Swap Rate Period:	[[●]/Not Applicable]
(ix)	CMT Designated Maturity:	[[●]/Not Applicable]
(x)	Screen Page:	[ICESWAP 1]/[ICESWAP 2]/[ICESWAP 3]/[ICESWAP 4]/[ICESWAP 5]/[ICESWAP 6]/[●]/[Not Applicable]

(xi) Fixed Leg	[[semi-annual]/[annual] calculated on a[n Actual/365]/[30/360]/[●] day count basis]/[Not Applicable]
(xii) Floating Leg	[[3]/[6]/[●]-month [LIBOR]/[EURIBOR]/[●] rate calculated on an[Actual/365]/[Actual/360]/[●] day count basis]/[Not Applicable]
(xiii) Margin(s):	[+/–] [●] per cent. per annum
(xiv) Fixed Coupon Amount[(s)] to (but excluding) the First Reset Date:	[[●] per Calculation Amount]
(xv) Broken Amount[(s)]:	[[[●] per Calculation Amount][CAD[●] calculated by reference to the Aggregate Nominal Amount], payable on the Interest Payment Date falling [in/on] [●]/Not Applicable]
(xvi) Day Count Fraction:	[Actual/365] [Actual/365 (fixed)] [Actual/360] [30/360] [30E/360] [30E/360 (ISDA)] [Actual/Actual ICMA] [Actual/Actual (Canadian Compound Method)] [●]
(xvii) Determination Dates:	[[●] in each year/Not Applicable]
(xviii) Calculation Agent:	[●]
(xix) Benchmark Determination Agent:	[●]/[Calculation Agent]/[To be appointed by the Company prior to the Reset Determination Date]/[Not Applicable]
(xx) Business Day Convention:	[Floating Rate Business Day Convention]/[Following Business Day Convention (Adjusted)]/[Following Business Day Convention (Unadjusted)]/[Modified Following Business Day Convention (Adjusted)]/[Modified Following Business Day Convention (Unadjusted)]/[Preceding Business Day Convention (Adjusted)]/[Preceding Business Day Convention (Unadjusted)]/[Not Applicable] [●]
(xxi) First Reset Period Fallback:	[●]
19 **Floating Rate Note Provisions**	[Applicable/Not Applicable]
(i) Interest Period(s):	[●]
(ii) Specified Interest Payment Dates:	[●][from and including [●]][until and including [●]]

(iii) Interest Period Date:	[Not Applicable]/ [[●] in each year[, subject, in each case, to adjustment in accordance with the Business Day Convention specified in paragraph 19(iv) below/, not subject to any adjustment[, as the Business Day Convention in paragraph 19(iv) below is specified to be Not Applicable]]
(iv) Business Day Convention:	[Floating Rate Business Day Convention]/[Following Business Day Convention (Adjusted)]/[Following Business Day Convention (Unadjusted)]/[Modified Following Business Day Convention (Adjusted)]/[Modified Following Business Day Convention (Unadjusted)]/[Preceding Business Day Convention (Adjusted)]/[Preceding Business Day Convention (Unadjusted)]/[Not Applicable] [●]
(v) Business Centre(s):	[●]
(vi) Manner in which the Rate(s) of Interest is/are to be determined:	[Screen Rate Determination/ISDA Determination]
(vii) Party responsible for calculating the Rate(s) of Interest and Interest Amount(s) / Calculation Agent (if not the Issuing and Paying Agent):	[[●]/Not Applicable]
(viii) Screen Rate Determination:	[Applicable – Term Rate/Applicable – Overnight Rate/Not Applicable]
- Calculation Method:	[Weighted Average/Compounded Daily/Not Applicable]
- Reference Rate:	[[[●]]-month] [[[●]] LIBOR]/[EURIBOR]/[BBSW]/[CDOR]/[NIBOR]/ [€STR]/[SONIA]/[SOFR]
- Interest Determination Date(s):	[[●] [TARGET/[●]] Business Days [in [●]] prior to the [●] day in each Interest Accrual Period/each Interest Payment Date][[●] Business Days prior to the end of each Interest Period] [●]
- Relevant Screen Page:	[[●]/Not Applicable]
- Relevant Time:	[●]
- Observation Method:	[Lag/Lock-out/Observation Shift/Not Applicable]
- Lag Look-back Period:	[[●]/Not Applicable]
- Observation Shift Period:	[[●]/Not Applicable]
- D:	[365/360/[●]]
- Index Determination:	[Applicable/Not Applicable]
(ix) ISDA Determination:	[Applicable/Not Applicable]

–	Floating Rate Option:	[●]
–	Designated Maturity:	[●]
–	Reset Date:	[●]
–	ISDA Definitions:	[●]/[Not Applicable]
(x)	Linear Interpolation:	[Not Applicable/Applicable – the Rate of Interest for the [long/short] [first/last] Interest Period shall be calculated using Linear Interpolation]
(xi)	Margin(s):	[[+/–] [●] per cent. per annum]/[Not Applicable]
(xii)	Minimum Rate of Interest:	[[●] per cent. per annum]/[Not Applicable]
(xiii)	Maximum Rate of Interest:	[[●] per cent. per annum]/[Not Applicable]
(xiv)	Day Count Fraction:	[Actual/365] [Actual/365 (fixed)] [Actual/360] [30/360] [30E/360] [30E/360 (ISDA)] [Actual/Actual ICMA] [Actual/Actual (Canadian Compound Method)] [●]
(xv)	Benchmark Transition Event	[Applicable/Not Applicable]
20	**Zero Coupon Note Provisions**	[Applicable/Not Applicable]
(i)	Amortisation Yield:	[●] per cent. per annum
(ii)	Amortisation Yield compounding basis:	[Compounded/Non-compounded] [annually/semi-annually/other]
(iii)	Reference Price:	[●]
(iv)	Any other formula/basis of determining amount payable:	[●]

PROVISIONS RELATING TO REDEMPTION

2	**Call Option**	[Applicable/Not Applicable]
(i)	Optional Redemption Date(s):	[●][, subject, in each case, to adjustment in accordance with the Business Day Convention specified at paragraph [17(vii)][18(xix)][19(iv)] above.]
(ii)	Optional Redemption Amount(s):	[[●] per Calculation Amount/Early Redemption Amount]
(iii)	If redeemable in part:	
(a)	Minimum Redemption Amount:	[[●] per Calculation Amount/Not Applicable]

	(b) Maximum Redemption Amount:	[[●] per Calculation Amount/Not Applicable]
	(iv) Notice period:	[●]/[Not less than five nor more than [●] days]
2	**Put Option**	[Applicable/Not Applicable]
	(i) Optional Redemption Date(s):	[●][, subject, in each case, to adjustment in accordance with the Business Day Convention specified at paragraph [17(vii)][18(xix)][19(iv)] above.]
	(ii) Optional Redemption Amount(s):	[[●] per Calculation Amount/Early Redemption Amount]
	(iii) Notice period:	[●]
2	**Capital Disqualification Event Call**	[Applicable/Not Applicable]
2	**Loss Absorption Disqualification Event Call**	[Applicable/Not Applicable]
	Loss Absorption Disqualification Event - Partial Exclusion:	[Applicable/Not Applicable]
2	**Final Redemption Amount**	[[●] per Calculation Amount/[●]]
2	**Early Redemption Amount**	
	Early Redemption Amount(s) payable on redemption for taxation reasons, following a Capital Disqualification Event or on event of default or other early redemption:	[[●] per Calculation Amount /[●]]
2	**Capital Disqualification Event Substitution and Variation**	[Applicable/Not Applicable]

GENERAL PROVISIONS APPLICABLE TO THE NOTES

2	**Form of Notes:**	**Bearer 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] [Permanent Global Note exchangeable for Definitive Notes in the limited circumstances specified in the Permanent Global Note] [Registered Notes – Global Certificate — [Euroclear/Clearstream Luxembourg]/[CMU Service]]

		[CREST Depositary Interests ("**CDIs**") representing the Notes may also be issued in accordance with the usual procedures of Euroclear UK & Ireland Limited ("**CREST**").]
2	New Global Note:	[Yes]/[No]
3	Additional Financial Centre(s) or other special provisions relating to payment dates:	[Not Applicable/[●]]
3	Talons for future Coupons to be attached to Definitive Notes (and dates on which such Talons mature):	[Yes. As the Notes have more than 27 coupon payments, [a] Talon[s] may be required if, on exchange into definitive form, more than 27 coupon payments are still to be made/No]

THIRD PARTY INFORMATION

[(*Relevant third party information*) has been extracted from (*specify source*). The Company confirms that such information has been accurately reproduced and that, so far as it is aware, and is able to ascertain from information published by (*specify source*), no facts have been omitted which would render the reproduced information inaccurate or misleading.]

Signed on behalf of the Company:

By: [●]
Duly authorised

PART B – OTHER INFORMATION

1 **LISTING**

(i) Listing:	[[●]/None [*Listing is required for withholding tax purposes]*]
(ii) Admission to trading:	[Application [has been made/is expected to be made] for the Notes to be admitted to trading on the [ISM]/[●] with effect from on or about [●].]/[Not Applicable]
(iii) Estimate of total expenses related to admission to trading:	[●][Not Applicable]

2 **RATINGS**

Ratings:	[The Notes to be issued have not been rated.] [The Notes to be issued [have been rated/are expected to be rated]: [S & P: [●]] [Moody's: [●]] [Fitch: [●]]]

3 [**INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE**

Save as discussed in ["Subscription and Sale"], so far as the Company is aware, no person involved in the issue of the Notes has an interest material to the issue.]

4 **REASONS FOR THE OFFER AND ESTIMATED NET PROCEEDS**

(i) Reasons for the offer:	[●] [See ["Use of Proceeds"] in Prospectus]
(ii) Estimated net proceeds:	[●]

5 [**Fixed Rate Notes only — YIELD**

Indication of yield:	[●]]

6 [**Floating Rate Notes only — HISTORIC INTEREST RATES**

Details of historic [LIBOR/EURIBOR/SONIA/SOFR] rates can be obtained from [Reuters/[●]].]

7 **OPERATIONAL INFORMATION**

ISIN:	[●]
Common Code:	[●]
Any clearing system(s) other than Euroclear Bank SA/NV and Clearstream Banking S.A. and the relevant identification number(s):	[Not Applicable/[●]]. [The Notes will [also] be made eligible for CREST via the issue of CDIs representing the Notes.] [The Notes will be cleared through the CMU Service. CMU Instrument Number: [●].

	Persons holding a beneficial interest in the Notes through Euroclear or Clearstream, Luxembourg will hold their interests through an account opened and held by Euroclear or Clearstream, Luxembourg (as applicable) with the CMU Operator.]
Delivery:	Delivery [against/free of] payment
Names and addresses of additional Paying Agent(s) (if any):	[●]/[Not Applicable]
Name and address of Calculation Agent:	[●]/[Not Applicable]
[Intended to be held in a manner which would allow Eurosystem eligibility:	[Yes. Note that the designation "yes" simply means that the Notes are intended upon issue to be deposited with one of the ICSDs as common safekeeper [(and registered in the name of a nominee of one of the ICSDs acting as common safekeeper)] [include this text for registered notes] 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) [include this text for registered notes]. 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.]]
Relevant Benchmark[s]:	[[specify benchmark] is provided by [administrator legal name]]. As at the date hereof, [[administrator legal name][appears]/[does not appear]] in the register of administrators and benchmarks established and maintained by ESMA pursuant to Article 36 (Register of administrators and benchmarks) of the Benchmark

		Regulation]/[As far as the Company is aware, as at the date hereof, [specify benchmark] does not fall within the scope of the Benchmark Regulation]/[Not Applicable]
8	**DISTRIBUTION**	
	U.S. Selling Restrictions:	[Reg S Category 2; TEFRA C/TEFRA D/TEFRA not applicable]

GENERAL INFORMATION

1. Application has been made to the FCA for the Notes (other than PR Exempt 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 its regulated market which is a regulated market for the purpose of MiFID. It is expected that each Tranche of Notes which is to be admitted to the Official List and to trading on the regulated market will be admitted separately as and when issued upon submission to the FCA and to the London Stock Exchange of the relevant Final Terms and any other information required by the FCA or any other relevant authority, subject only to the issue of a temporary or permanent Global Note (or one or more Certificates) in respect of each Tranche. Application has also been made for PR Exempt Notes issued under the Programme to be admitted to trading on the ISM of the London Stock Exchange. The listing of the Programme in respect of the Notes on both the Market and the ISM is expected to be granted on or about 18 May 2020. Prior to official listing and admission to trading, however, dealings will be permitted by the London Stock Exchange in accordance with its rules. If a Series of Notes will be unlisted, or listed on another exchange, the specific terms relating to such Series of Notes will be contained in a Pricing Supplement.

2. The Company has obtained all necessary consents, approvals and authorisations in the United Kingdom in connection with the establishment and update of the Programme and the issue and performance of the Notes. The establishment of the Programme and the issue of Notes under it was authorised by resolutions of the Board dated 24 November 2016 and the update of the Programme and the issue of Notes under it was authorised by resolutions of the Board passed on 21 November 2019.

3. There has been no significant change in the financial position or financial performance of the Group since 31 March 2020, the date to which the Group's last published unaudited interim financial information (as set out in the Company's Q1 2020 Statement) was prepared.

   Save as disclosed in the sub-sections entitled "*Risk Factors - Economic and Financial Risks - Risks relating to the impact of COVID-19*" and "*Recent Developments*" on pages 23 to 24 and page 139 respectively of this Prospectus, there has been no material adverse change in the prospects of the Company since 31 December 2019, the date to which the Company's last published audited financial information (as set out in the Company's 2019 Annual Report) was prepared.

4. Save as disclosed in the sub-sections entitled "*Payment Protection Insurance", "Other provisions for legal actions and regulatory matters*", "*Interchange fees", "Libor and other trading rates", "UK shareholder litigation*", "*Tax authorities*", "*Mortgage arrears handling activities*" and "*Contingent liabilities in respect of other legal actions and regulatory matters*" of the section "*Lloyds Banking Group – Legal Actions and Regulatory Matters"* on pages 136 to 139 of this Prospectus, there are no governmental, legal or arbitration proceedings (including any such proceedings pending or threatened of which the Company is aware) during the 12 months preceding the date of this Prospectus, which may have or have had in the recent past, significant effects on the financial position or profitability of the Company or the Group.

5. Each permanent and definitive Bearer Note having a maturity of more than one year, Coupon and Talon will bear the following legend:

   "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".

6. Notes have been accepted for clearing through the Euroclear and Clearstream, Luxembourg systems (which are the entities in charge of keeping the records). Interests in the Notes may also be held through CREST through the issuance of CDIs representing Underlying Notes. The Common Code and the International Securities Identification Number ("**ISIN**") and (where applicable) the identification number for any other relevant clearing system for each Series of Notes will be set out in the relevant Final Terms or Pricing Supplement. The address of Euroclear is 1 Boulevard du Roi Albert II, B-1210 Brussels, Belgium, the address of Clearstream, Luxembourg is 42 Avenue JF Kennedy, L-1855 Luxembourg and the address of CREST is Euroclear UK & Ireland, 33 Cannon Street, London, EC4M 5SB. The address of any Alternative Clearing System will be specified in the applicable Final Terms or Pricing Supplement. The address of CMU Service is 55th Floor, Two International Finance Centre, 8 Finance Street, Central, Hong Kong.

7. CMU Notes have been accepted for clearance through the CMU Service. For persons seeking to hold a beneficial interest in CMU Notes through Euroclear or Clearstream, Luxembourg, such person will hold their interests in an account opened and held by Euroclear or Clearstream, Luxembourg with the CMU Operator.

8. Where information in this Prospectus has been sourced from third parties this information has been accurately reproduced and as far as the Company is aware and is able to ascertain from the information published by such third parties no facts have been omitted which would render the reproduced information inaccurate or misleading. The source of third party information is identified where used.

9. For so long as Notes may be issued pursuant to this Prospectus, the following documents will be available, at the website of the Company at www.lloydsbankinggroup.com:

   (a) the Trust Deed (which includes the form of the Global Notes, the definitive Bearer Notes, the Certificates, the Coupons and the Talons);

   (b) the Articles of Association of the Company;

   (c) the Company's Q1 2020 Statement;

   (d) the Company's 2019 Annual Report and the Company's 2018 Annual Report;

   (e) each set of Final Terms and Pricing Supplement; and

   (f) a copy of this Prospectus together with any Supplemental Prospectus or drawdown prospectus and, in each case, any document incorporated by reference therein.

10. Unless otherwise stated in the applicable Final Terms or Pricing Supplement, the Company does not intend to provide post-issuance information in connection with any issue of Notes.

11. This Prospectus and the Final Terms for Notes that are listed on the Official List and admitted to trading on the Market will be published on the website of the Regulatory News Service operated by the London Stock Exchange at www.londonstockexchange.com.

12. Copies of the latest audited consolidated Annual Reports of the Company and copies of the Trust Deed will be available for inspection at the specified offices of each of the Paying Agents during normal business hours, so long as any of the Notes is outstanding.

13. PricewaterhouseCoopers LLP, Chartered Accountants and Statutory Auditors (members of the Institute of Chartered Accountants in England and Wales) have audited, and rendered unqualified audit reports on, the annual consolidated published accounts of the Company for the two financial years ended 31 December 2018 and 31 December 2019.

14. The Legal Entity Identifier (LEI) of the Company is 549300PPXHEU2JF0AM85.

15. The website of the Company is www.lloydsbankinggroup.com. The information on www.lloydsbankinggroup.com does not form part of this Prospectus, except where that information has been incorporated by reference into this Prospectus.

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