

NOTICE OF COVERED BONDHOLDER MEETING

THIS NOTICE IS IMPORTANT AND REQUIRES THE IMMEDIATE ATTENTION OF COVERED BONDHOLDERS.

If Covered Bondholders are in any doubt about any aspect of the proposals in this notice and/or the action they should take, they are recommended to seek their own financial advice immediately from their stockbroker, bank manager, solicitor, accountant or other financial adviser authorised under the Financial Services and Markets Act 2000, as amended, (if they are in the United Kingdom) or from another appropriately authorised independent financial adviser and such other professional adviser from their own professional advisers as they deem necessary.

FURTHER INFORMATION REGARDING THE MATTERS REFERRED TO IN THIS ANNOUNCEMENT IS AVAILABLE IN THE CONSENT SOLICITATION MEMORANDUM (THE "CONSENT SOLICITATION MEMORANDUM") ISSUED BY THE ISSUER TODAY, AND ELIGIBLE COVERED BONDHOLDERS (AS DEFINED BELOW) ARE ENCOURAGED TO READ THIS ANNOUNCEMENT IN CONJUNCTION WITH THE SAME.

CLYDESDALE BANK PLC
(incorporated with limited liability in Scotland)
(the Issuer)

NOTICE OF COVERED BONDHOLDER MEETING

to the holders of the

Series 2012-2 £700,000,000 4.625 per cent. Regulated Covered Bonds due June 2026
(ISIN: XS0789991527)

(the **Series 2012-2 Covered Bonds**, and the holders thereof, the **Covered Bondholders**) of the Issuer presently outstanding.

NOTICE IS HEREBY GIVEN that a meeting (the **Meeting**) of the Covered Bondholders of the Series 2012-2 Covered Bonds convened by the Issuer will be held via teleconference on 15 September 2021 for the purpose of considering and, if thought fit, passing the applicable resolutions set out below which will each be proposed as an Extraordinary Resolution in accordance with the provisions of the Trust Deed dated 1 December 2010 as amended and restated on 30 May 2012 made between the Issuer, the LLP and Deutsche Trustee Company Limited (the **Bond Trustee** and **Security Trustee**) as bond trustee and security trustee for the Covered Bondholders and constituting the Series 2012-2 Covered Bonds (the **Trust Deed**). The Meeting will commence at 10 a.m. (London time) (11 a.m. (CET)).

Covered Bondholders who have submitted and not revoked (in the limited circumstances in which revocation is permitted) a valid Consent Instruction or Ineligible Holder Instruction in respect of an Extraordinary Resolution by 4 p.m. (London time) (5 p.m. (CET)) on 10 September 2021 (the **Expiration Deadline**), by which they will have given instructions to the Principal Paying Agent for the appointment of one or more representatives of the Tabulation Agent as their proxy to vote in favour of or against (as specified in the relevant Consent Instruction or Ineligible Holder Instruction) the relevant Extraordinary Resolution at the Meeting (or any adjourned such Meeting), need take no further action to be represented at the Meeting (or any such adjourned Meeting).

Covered Bondholders who attend the Meeting in person (via teleconference) will not be able to speak or vote at the Meeting.

Capitalised terms used in this notice and not otherwise defined herein shall have the meanings given to them in the Consent Solicitation Memorandum dated 24 August 2021 (the **Consent Solicitation Memorandum**), which is available for inspection by Eligible Covered Bondholders (as defined below) during normal business hours at the specified offices of the Tabulation Agent on any weekday (public holidays excepted) up to and including the conclusion of the Meeting (including any adjourned Meeting) (see "*Documents Available for Inspection*" below). In accordance with normal practice, the Solicitation Agent, the LLP, the Bond Trustee, the Security Trustee, the Tabulation Agent and the Principal Paying Agent have not been involved in the formulation of the Covered Bondholder Proposals outlined in the Consent Solicitation Memorandum or the Extraordinary Resolutions. The Bond Trustee, the Security Trustee, the Tabulation Agent, the Solicitation Agent, the Principal Paying Agent and the LLP express no opinion on, and make no representations as to the merits of, the Covered Bondholder Proposals outlined in the Consent Solicitation Memorandum or the Extraordinary Resolutions.

None of the Bond Trustee, the Security Trustee, the Tabulation Agent, the Solicitation Agent, the Principal Paying Agent or the LLP makes any representation that all relevant information has been disclosed to Covered Bondholders in or pursuant to this Notice, the Consent Solicitation Memorandum or otherwise. None of the Bond Trustee, the Security Trustee, the Tabulation Agent, the Solicitation Agent, the Principal Paying Agent or the LLP has approved the draft Amendment Documents referred to in the Extraordinary Resolutions set out below and the Bond Trustee recommends that Covered Bondholders arrange to inspect and review such draft Amendment Documents as provided below in this Notice. Accordingly, Covered Bondholders of the Series 2012-2 Covered Bonds should take their own independent legal, financial, tax or other advice on the merits and the consequences of voting in favour of the Extraordinary Resolutions, including any tax consequences, and on the impact of the implementation of the Extraordinary Resolutions.

None of the Bond Trustee, the Security Trustee, nor any of the Tabulation Agent, the Solicitation Agent, the Principal Paying Agent or the LLP is responsible for the accuracy, completeness, validity or correctness of the statements made in the Consent Solicitation Memorandum or omissions therefrom or for the acts or omissions of the Issuer, or any other person in connection with the Consent Solicitation.

Neither this Notice nor the Consent Solicitation Memorandum constitute or form part of, and should not be construed as, an offer for sale, exchange or subscription of, or a solicitation of any offer to buy, exchange or subscribe for, any securities of the Issuer or any other entity. The distribution of the Consent Solicitation Memorandum may nonetheless be restricted by law in certain jurisdictions. Persons into whose possession the Consent Solicitation Memorandum comes are required to inform themselves about, and to observe, any such restrictions.

BACKGROUND

SONIA Amendments

On 5 March 2021, the UK Financial Conduct Authority (the **FCA**) announced that all London Inter Bank Offered Rate (**LIBOR**) settings currently published by ICE Benchmarks Administration (**IBA**), an authorised administrator, regulated and supervised by the FCA, will either cease to be provided by any administrator or no longer be representative of the underlying market and economic reality (and that representativeness will not be restored) immediately after (i) 31 December 2021, in the case of all sterling, euro, Japanese Yen and Swiss Franc, and certain U.S. dollar, settings, or (ii) 30 June 2023, in the case of the remaining U.S. dollar settings. As a result regulators, including the FCA, have continued to urge market participants to take active steps to implement the transition to SONIA and other risk-free rates ahead of the applicable LIBOR cessation date. In this regard we refer to the following items which are available from the website of the FCA at www.fca.org.uk:

- (a) the statement of the FCA entitled "*Next steps for LIBOR transition in 2020: the time to act is now*" dated 16 January 2020;

- (a) the speech of Edwin Schooling Latter, Director Markets and Wholesale Policy at the FCA, on 14 July 2020 entitled "*LIBOR transition – the critical tasks ahead of us in the second half of 2020*"; and
- (b) the statement of the FCA entitled "*FCA announcement on future cessation and loss of representativeness of the LIBOR benchmarks*" dated 5 March 2021.

On the basis that the Final Maturity Date (being the Interest Payment Date falling on or nearest to 8 June 2026) and the Extended Due for Payment Date (being the Interest Payment Date falling on or nearest to 8 June 2027) of the Series 2012-2 Covered Bonds fall after 2021, the Issuer has convened the Meeting partly for the purpose of enabling the Covered Bondholders to consider and resolve, if they think fit, to approve the relevant Covered Bondholder Proposal (as further described in *Error! Reference source not found. – Error! Reference source not found.*s) by way of Extraordinary Resolution implementing a change in the Interest Basis (applicable from (and including) the Final Maturity Date to (but excluding) the Extended Due for Payment Date) specified in the Series 2012-2 Final Terms from LIBOR to SONIA and corresponding amendments to the Series 2012-2 Term Advance and the Series 2012-2 Covered Bond Swap. The New Clydesdale Covered Bond Programme already contemplates SONIA as an Interest Basis. Accordingly, if the Extraordinary Resolution in relation to the Series 2012-2 Transfer is passed and the Eligibility Condition in relation thereto is satisfied, no additional amendments will be required. However, if that Extraordinary Resolution is not passed and the Series 2012-2 Transfer does not occur, additional amendments will be required to the Legacy Clydesdale Covered Bond Programme documentation as described below (please see "*Amendments to the Series 2012-2 Covered Bonds to implement the Series 2012-2 Transfer*").

Due to the differences in the nature of LIBOR and SONIA, the SONIA Amendments will also require corresponding adjustments to the Margin payable in respect of the Series 2012-2 Covered Bonds from (and including) the Final Maturity Date to (but excluding) the Extended Due for Payment Date. The determination methodology proposed for the Adjusted Margin on conversion of the Reference Rate from LIBOR to SONIA is set out more fully in Annex 2 to this Notice. The Adjusted Margin shall be the sum of (i) the current Margin for the period from (and including) the Final Maturity Date to (but excluding) the Extended Due Date for Payment Date in respect of the Covered Bonds (i.e. 1.6366 per cent.) and (ii) in the case of the Consent Conditions being satisfied at an adjourned Meeting, an adjustment spread (the **Adjustment Spread**). The Adjustment Spread will be the rate specified on Bloomberg Screen "SBP0001M Index" at 1pm on the day of the initial Meeting (or subsequent adjourned Meeting, as applicable). As at the date of this Consent Solicitation Memorandum, the rate specified on Bloomberg screen "SBP0001M Index" in relation to 1-month Sterling LIBOR has been fixed at 0.0326 per cent., and such rate (subject to any corrections or adjustments made to such rate by Bloomberg in accordance with its rule book) will be the Adjustment Spread. The Adjusted Margin is therefore expected to be a total of 1.6692 per cent.

Further details in relation to the determination methodology proposed for the Adjusted Margin on conversion of the Reference Rate from LIBOR to SONIA is set out more fully in Annex 2 to this Notice.

Series 2012-2 Transfer

On 21 October 2019, substantially all of the business, operations, assets, liabilities and obligations of Virgin Money plc, including the New Clydesdale Covered Bond Programme, were transferred to Clydesdale Bank PLC, pursuant to a transfer under Part VII of the FSMA. Further information relating to the New Clydesdale Covered Bond Programme is set out in the prospectus relating to the New Clydesdale Covered Bond Programme dated 5 August 2021 and the programme documentation applicable thereto, which can be found at <https://www.virginmoneyukplc.com/investor-relations/debt-investors/global-covered-bonds/global-covered-bonds-programme>.

The Issuer is proposing to consolidate the Legacy Clydesdale Covered Bond Programme with the New Clydesdale Covered Bond Programme by transferring the Series 2012-2 Covered Bonds (being the only outstanding series of covered bonds under the Legacy Clydesdale Covered Bond Programme) to the New Clydesdale Covered Bond Programme and subsequently unwinding the Legacy Clydesdale Covered Bond

Programme. Such consolidation under the New Clydesdale Covered Bond Programme will allow for more efficient management of the Issuer's wholesale market funding needs. The New Clydesdale Covered Bond Programme is SONIA-based. Both the Legacy Clydesdale Covered Bond Programme and the New Clydesdale Covered Bond Programme are compliant with the RCB Regulations, regulated by the FCA and offer equivalent protections to investors (including, but not limited to, required levels of overcollateralisation and statutory tests). For further information on certain material differences between the Legacy Clydesdale Covered Bond Programme and the New Clydesdale Covered Bond Programme, please see Annex 3 to this Notice.

The Issuer has also convened the Meeting for the purpose of enabling the Covered Bondholders to consider and resolve, if they think fit, to approve the Covered Bondholder Proposals (as further described in **Error! Reference source not found.** ("*Error! Reference source not found.s*")) by way of Extraordinary Resolution implementing the Series 2012-2 Transfer.

Copies of certain of the draft Amendment Documents, have been reviewed by each of Fitch Ratings Limited (**Fitch**) and Moody's Investors Service Limited (**Moody's**), which provide ratings for the Legacy Clydesdale Covered Bond Programme. Neither Fitch nor Moody's has, based on the information provided to them, raised any comments in respect of the draft Amendment Documents. Further, Fitch and Moody's have each determined, based on the information provided to them, that the implementation of the SONIA Amendments and/or the Series 2012-2 Transfer will not, in and of itself and as of this point in time, result in the downgrade or withdrawal of the ratings currently assigned to the Series 2012-2 Covered Bonds.

COVERED BONDHOLDER PROPOSALS

By this Notice, the Issuer has convened a Meeting to request that Covered Bondholders consider and, if thought fit, approve the matters contained in each Extraordinary Resolution below. If approved by the Covered Bondholders of the Series 2012-2 Covered Bonds, the Extraordinary Resolutions will be binding on all Covered Bondholders, including those Covered Bondholders who do not vote in favour of the Extraordinary Resolutions or who do not vote in connection with the Extraordinary Resolutions.

SONIA Amendments

In order to implement the change in Interest Basis applicable to the Series 2012-2 Covered Bonds from LIBOR to SONIA:

- (a) the Rate of Interest for the Series 2012-2 Covered Bonds from (and including) the Final Maturity Date to (but excluding) the Extended Due for Payment Date will be SONIA plus the Adjusted Margin. The detailed provisions relating to the calculation of Compounded Daily SONIA are set out in Annex 1 to the Notice. For the avoidance of doubt, up to (and including) the Final Maturity Date, the Rate of Interest will continue to be the fixed rate specified in the applicable Final Terms;
- (b) the **Adjusted Margin** shall be the sum of (i) the current Margin for the period from (and including) the Final Maturity Date to (but excluding) the Extended Due Date for Payment Date in respect of the Covered Bonds (i.e. 1.6366 per cent.) and (ii) an adjustment spread (the **Adjustment Spread**). The Adjustment Spread will be the rate specified on Bloomberg Screen "SBP0001M Index" at 1pm on the day of the initial Meeting (or subsequent adjourned Meeting, as applicable). As at the date of this Notice, the rate specified on Bloomberg screen "SBP0001M Index" in relation to 1-month Sterling LIBOR has been fixed at 0.0326 per cent., and such rate (subject to any corrections or adjustments made to such rate by Bloomberg in accordance with its rule book) will be the Adjustment Spread. The Adjusted Margin is therefore expected to be a total of 1.6692 per cent.. Further detailed provisions relating to the adjustment of the Margin and the determination of the Adjustment Spread are set out in Annex 2 to this Notice; and
- (c) the Series 2012-2 Term Advance, the Series 2012-2 Final Terms and the Series 2012-2 Covered Bond Swap are amended and/or restated and/or replaced to reflect the change in Interest Basis applicable to

the Series 2012-2 Covered Bonds from LIBOR to Compounded Daily SONIA for the period from (and including) the Final Maturity Date to (but excluding) the Extended Due for Payment Date.

The Adjusted Margin will, if it differs from that set out above, be announced to Covered Bondholders in accordance with Condition 13 (Notices) as soon as practicable following the date of determination.

For the avoidance of doubt, the interest rate applicable to the Series 2012-2 Covered Bonds up to (and including) the Final Maturity Date will continue to be the fixed rate specified in the applicable Final Terms.

Series 2012-2 Transfer

In order to effect the Series 2012-2 Transfer, among other things:

- (a) the terms and conditions of the Series 2012-2 Covered Bonds will be amended such that the terms and conditions will become those currently applicable to the New Clydesdale Covered Bond Programme, as set out in the Supplemental Trust Deed dated 5 August 2021 relating thereto (the **New Clydesdale Trust Deed**), associated amendments will be made to the Series 2012-2 Final Terms, as set out in the Amended and Restated Series 2012-2 Final Terms and the Series 2012-2 Covered Bonds will become "Covered Bonds" for the purposes of and as defined in the New Clydesdale Covered Bond Programme and the New Clydesdale Trust Deed;
- (b) the Bond Trustee and the Security Trustee for the Series 2012-2 Covered Bonds will change from Deutsche Trustee Company Limited to HSBC Corporate Trustee Company (UK) Limited and the trust created by the Trust Deed (but only to the extent that it relates to the Series 2012-2 Covered Bonds) shall be amended by way of entry into of the Series 2012-2 Supplemental Trust Deed such that such trust is, following such amendment, on the terms of the New Clydesdale Trust Deed (as supplemented by the Series 2012-2 Supplemental Trust Deed);
- (c) the guarantor for the Series 2012-2 Covered Bonds will cease to be Clydesdale Covered Bonds No.2 LLP and be replaced by Eagle Place Covered Bonds LLP and the terms of the guarantee from Eagle Place Covered Bonds LLP will be as set out in the New Clydesdale Trust Deed;
- (d) the Series 2012-2 Covered Bond Swap will be novated to Eagle Place Covered Bonds LLP, the dates on which the LLP makes payments thereunder will be amended to 22nd of each calendar month to align with the LLP Payment Dates under (and as defined in) the New Clydesdale Covered Bond Programme, the spreads will be updated to reflect the novation, certain amendments to the terms of the Series 2012-2 Covered Bond Swap will be made for consistency with the current criteria of the rating agencies and the terms of the Swap Agreements under the New Clydesdale Covered Bond Programme, and the Series 2012-2 Covered Bond Swap will be brought within the security package of the New Clydesdale Covered Bond Programme;
- (e) the Covered Bond Swap Provider for the Series 2012-2 Covered Bonds will accede to the New Clydesdale Covered Bond Programme as a Secured Creditor (as such term is defined in the New Clydesdale Covered Bond Programme);
- (f) the Series 2012-2 Term Advance will be amended and restated such that Eagle Place Covered Bonds LLP replaces Clydesdale Covered Bonds No.2 LLP as borrower thereunder and it becomes subject to the terms of the Intercompany Loan Agreement between the Issuer and Eagle Place Covered Bonds LLP under the New Clydesdale Covered Bond Programme; and
- (g) HSBC Bank PLC will assume the roles of Principal Paying Agent, Registrar and Transfer Agent pursuant to the terms of the Agency Agreement relating to the New Clydesdale Covered Bond Programme (as supplemented by the Series 2012-2 Supplemental Agency Agreement) and neither Deutsche Bank AG, London Branch nor Deutsche Bank Trust Company Americas will continue to have any agency role in relation to the Series 2012-2 Covered Bonds.

For the avoidance of doubt, none of the Issuer, the ISIN or the listing of the Series 2012-2 Covered Bonds will change as a consequence of the Series 2012-2 Transfer.

Each Extraordinary Resolution, if passed, constitutes (amongst others) a direction by the Covered Bondholders to the Bond Trustee and the Security Trustee to consent to and to concur in the SONIA Amendments and the Series 2012-2 Transfer (as applicable) and the entry into of the Amendment Documents, as relevant to each Extraordinary Resolution. The SONIA Amendments and the Series 2012-2 Transfer are referred to as the **Covered Bondholder Proposals**.

The Covered Bondholder Proposals are being put to Covered Bondholders for the reasons set out in the Consent Solicitation Memorandum.

Covered Bondholders are referred to the Consent Solicitation Memorandum which provides further background to the Covered Bondholder Proposals and the reasons therefor.

CONSENT SOLICITATION

Covered Bondholders are further given notice that the Issuer has invited holders of the Series 2012-2 Covered Bonds (such invitation a **Consent Solicitation**) to consent to the approval, by Extraordinary Resolution at the Meeting, of the modification of the Conditions relating to the Series 2012-2 Covered Bonds as described in paragraph (a) of each Extraordinary Resolution as set out below, all as further described in the Consent Solicitation Memorandum (as defined in paragraph (l) or (m) (as applicable) of the relevant Extraordinary Resolution set out below).

The Consent Solicitation Memorandum and any other documents or materials relating to the Consent Solicitation are only for distribution or to be made available to persons who are (i) located and resident outside the United States, its territories and possessions and who are not U.S. persons (as defined in Regulation S under the United States Securities Act of 1933, as amended (the **Securities Act**)) or acting for the account or benefit of any U.S. person, (ii) eligible counterparties or professional clients (each as defined in Directive 2014/65/EU (as amended or superseded, **MiFID II**) the FCA Handbook Conduct of Business Sourcebook (**COBS**)) and, if applicable and acting on a non-discretionary basis, who is acting on behalf of a beneficial owner that is also an eligible counterparty or a professional client, in each case in respect of the Series 2012-2 Covered Bonds and (iii) otherwise a person to whom the Consent Solicitation can be lawfully made and that may lawfully participate in the Consent Solicitation (all such persons **Eligible Covered Bondholders**).

Subject to the restrictions described in the previous paragraph, Eligible Covered Bondholders may obtain from the date of this Notice a copy of the Consent Solicitation Memorandum from the Tabulation Agent, the contact details for which are set out below. In order to receive a copy of the Consent Solicitation Memorandum, a Covered Bondholder will be required to provide confirmation as to his or her status as an Eligible Covered Bondholder.

**EXTRAORDINARY RESOLUTION (SONIA AMENDMENTS)
IN RESPECT OF THE SERIES 2012-2 £700,000,000 4.625 PER CENT. REGULATED COVERED
BONDS DUE JUNE 2026**

"THAT this Meeting of the holders (together, the **Covered Bondholders**) of the presently outstanding Series 2012-2 £700,000,000 4.625 per cent. Regulated Covered Bonds due June 2026 (the **Series 2012-2 Covered Bonds**) of Clydesdale Bank PLC (the **Issuer**), constituted by the trust deed dated 1 December 2010 as amended and restated on 30 May 2012 made between the Issuer, the LLP and Deutsche Trustee Company Limited (the **Bond Trustee** and the **Security Trustee**) as bond trustee and security trustee for, *inter alios*, the Series 2012-2 Covered Bondholders (the **Trust Deed**):

- (a) assents to the modification of:
- (i) the terms and conditions of the Series 2012-2 Covered Bonds (the **Conditions**), as set out in Schedule 1 to the Trust Deed and as completed by the Final Terms applicable to the Series 2012-2 Covered Bonds dated 7 June 2012, as any of the same may from time to time be modified or amended and restated in accordance with the Trust Deed, in order that the Rate of Interest for the Series 2012-2 Covered Bonds from (and including) the Final Maturity Date to (but excluding) the Extended Due for Payment Date be amended so that LIBOR be replaced with SONIA as the reference rate for calculating interest plus an adjusted margin to be calculated as more fully set out in Annex 2 (Margin Adjustment) to this Notice and in the Amended and Restated Series 2012-2 Final Terms (as defined in paragraph (b)(i) below);
 - (ii) the terms of the Series 2012-2 Term Advance under the Intercompany Loan Agreement, in order that the rate of interest for the Series 2012-2 Term Advance from (and including) the Final Maturity Date to (but excluding) the Extended Due for Payment Date be amended so that LIBOR be replaced with SONIA as the reference rate for calculating interest plus an adjusted margin to be calculated such that the interest rate on the Series 2012-2 Term Advance for such period is identical to the Rate of Interest for the Series 2012-2 Covered Bonds;
 - (iii) the terms of the Series 2012-2 Covered Bond Swap Agreement, in order that the payments received by the LLP from the relevant Covered Bond Swap Provider from (and including) the Final Maturity Date to (but excluding) the Extended Due for Payment Date be amended so that LIBOR be replaced with SONIA as the reference rate for calculating interest plus an adjusted margin to be calculated such that such payments received by the LLP under the Series 2012-2 Covered Bond Swap for such period are identical to the Rate of Interest for the Series 2012-2 Covered Bonds; and
 - (iv) (in the event the Series 2012-2 Transfer is not approved), any further Programme Documents as may (in the opinion of the Issuer and as certified by the Issuer (upon such certification the Bond Trustee and Security Trustee may rely conclusively and without liability)) be required for the purpose of allowing for the calculation of a SONIA-based interest rate and removing references to LIBOR in the Legacy Clydesdale Covered Bond Programme;
- (b) authorises, directs, requests and empowers:
- (i) the Issuer and the LLP to execute an amended and restated final terms in respect of the Series 2012-2 Covered Bonds (the **Amended and Restated Series 2012-2 Final Terms**) to change the Interest Basis applicable to the Series 2012-2 Covered Bonds from LIBOR to SONIA and to implement a corresponding amendment to the Series 2012-2 Term Advance (the **Amended and Restated Series 2012-2 Term Advance**) and the Series 2012-2 Covered Bond Swap Agreement (the **Amended and Restated Series 2012-2 Covered Bond Swap Agreement**) incorporating the terms of the Final Terms (as amended), in each case to effect the modifications referred to in paragraph (a) of this Extraordinary Resolution, in the form or

substantially in the form of the drafts produced to this Meeting and for the purpose of identification signed by the chairman thereof;

- (c) in the event the Series 2012-2 Transfer does not occur, authorises, directs, requests and empowers the Issuer, the LLP, the Bond Trustee and the Security Trustee to execute any supplemental or amended and restated Programme Documents as may (in the opinion and on the certification of the Issuer and upon which such certification the Bond Trustee and Security Trustee may rely conclusively and without liability) be required for the purpose of enabling the calculation of a SONIA-based interest rate and removing references to LIBOR in the Legacy Clydesdale Covered Bond Programme;
- (d) authorises, directs, requests and empowers the Issuer, the LLP, the Bond Trustee and the Security Trustee to execute the Amendment Documents relating to this Extraordinary Resolution and to execute and do all such deeds, instruments, acts and things as may be necessary, desirable or expedient to carry out and to give effect to this Extraordinary Resolution and the implementation of the modifications referred to in paragraph (a) of this Extraordinary Resolution;
- (e) discharges and exonerates each of the Bond Trustee and the Security Trustee from all liability for which they may have become or may become responsible under the Trust Deed or the Series 2012-2 Covered Bonds or any Transaction Document or any document related thereto in respect of any act or omission in connection with the passing of this Extraordinary Resolution or its implementation, the modifications referred to in this Extraordinary Resolution or the implementation of those modifications or the executing of any deeds, agreements, documents or instructions, or the performance of any acts, matters or things to be done to carry out and give effect to the matters contemplated in the Amended and Restated Series 2012-2 Final Terms, the Amended and Restated Series 2012-2 Term Advance and the Amended and Restated Series 2012-2 Covered Bond Swap Agreement and (if the Series 2012-2 Transfer does not occur) by any supplemental or amended and restated Programme Documents as may (in the opinion of the Issuer) be required pursuant to paragraph (c) above, the Notice or this Extraordinary Resolution;
- (f) irrevocably waives any claim that the Covered Bondholders may have against the Bond Trustee and/or the Security Trustee arising as a result of any loss or damage which the Covered Bondholders may suffer or incur as a result of the Bond Trustee and/or Security Trustee acting upon this Extraordinary Resolution (including but not limited to circumstances where it is subsequently found that this Extraordinary Resolution is not valid or binding on the holders) and the Series 2012-2 Covered Bondholders further confirm that the Series 2012-2 Covered Bondholders will not seek to hold the Bond Trustee and/or Security Trustee liable for any such loss or damage;
- (g) expressly agrees and undertakes to indemnify and hold harmless the Bond Trustee and/or Security Trustee from and against all losses, liabilities, damages, costs, charges and expenses which may be suffered or incurred by them as a result of any claims (whether or not successful, compromised or settled), actions, demands or proceedings brought against the Bond Trustee and/or the Security Trustee and against all losses, costs, charges or expenses (including legal fees) which the Bond Trustee and/or Security Trustee may suffer or incur which in any case arise as a result of the Bond Trustee and/or Security Trustee acting in accordance with the Extraordinary Resolution and the Trust Deed;
- (h) sanctions and assents to every abrogation, modification, compromise or arrangement in respect of the rights of the Covered Bondholders appertaining to the Series 2012-2 Covered Bonds against the Issuer, whether or not such rights arise under the Conditions, the Trust Deed or any other Transaction Documents involved in, resulting from or to be effected by the amendments referred to in paragraph (a) of this Extraordinary Resolution and their implementation;
- (i) approves that each of the Bond Trustee and Security Trustee be and is hereby authorised and instructed not to obtain any legal opinions in relation to, or to enquire into, the power and capacity of any person to enter into the Amended and Restated Series 2012-2 Final Terms, the Amended and Restated Series

2012-2 Term Advance and the Amended and Restated Series 2012-2 Covered Bond Swap Agreement and (if the Series 2012-2 Transfer does not occur) any supplemental or amended and restated Programme Documents as may (in the opinion of the Issuer) be required pursuant to paragraph (c) above, or any other document necessary, desirable or expedient in connection with the modifications referred to in paragraph (a) of this Extraordinary Resolution or the due execution and delivery thereof by any party thereto or the validity and enforceability thereof;

- (j) waives any and all requirements, restrictions and conditions precedent set forth in the Transaction Documents on any person, in implementing the Amended and Restated Series 2012-2 Final Terms, the Amended and Restated Series 2012-2 Term Advance and the Amended and Restated Series 2012-2 Covered Bond Swap Agreement and (if the Series 2012-2 Transfer does not occur) any supplemental or amended and restated Programme Documents as may (in the opinion of the Issuer) be required pursuant to paragraph (c) above, this Extraordinary Resolution and the relevant Covered Bondholder Proposals;
- (k) discharges and exonerates each of the Issuer and the LLP from all liability for which it may have become or may become responsible under the Trust Deed, the Series 2012-2 Covered Bonds or any Transaction Document or any document related thereto in respect of any act or omission in connection with the passing of this Extraordinary Resolution or the executing of any deeds, agreements, documents or instructions, or the performance of any acts, matters or things to be done to carry out and give effect to the matters contemplated in the Amended and Restated Series 2012-2 Final Terms, the Amended and Restated Series 2012-2 Term Advance and the Amended and Restated Series 2012-2 Covered Bond Swap Agreement and (if the Series 2012-2 Transfer does not occur) any supplemental or amended and restated Programme Documents as may (in the opinion of the Issuer) be required pursuant to paragraph (c) above, the Notice or this Extraordinary Resolution;
- (l) declares that the implementation of this Extraordinary Resolution shall be conditional on:
 - (i) the passing of this Extraordinary Resolution; and
 - (ii) the quorum required for, and the requisite majority of votes cast at, this Meeting being satisfied by Eligible Covered Bondholders, irrespective of any participation at this Meeting by Ineligible Covered Bondholders and that, in the event that the Extraordinary Resolution is passed at this Meeting but such condition is not satisfied, the chairman of this Meeting and the Bond Trustee are hereby authorised, directed, requested and empowered to adjourn this Meeting for such period being not less than 13 clear days and not more than 42 clear days, and to such place as may be appointed by the chairman of this Meeting and approved by the Bond Trustee, for the purpose of reconsidering resolutions (a) to (k) of this Extraordinary Resolution with the exception of resolution l(ii) of this Extraordinary Resolution. Any such adjournment may be in relation to one or both of the Extraordinary Resolutions proposed at this Meeting. At any such adjournment of this Meeting, one or more persons present holding Definitive Covered Bonds or voting certificates or being proxies or representatives and holding or representing in aggregate not less than one-third of the aggregate Principal Amount Outstanding of the Series 2012-2 Covered Bonds shall form a quorum and a majority in favour consisting of not less than three-fourths of the votes cast at such adjourned meeting shall have the power to pass such Extraordinary Resolution, and this condition set out in this paragraph (l)(ii) will be satisfied if the quorum required for, and the requisite majority of votes cast at, such adjourned Meeting are satisfied by Eligible Covered Bondholders irrespective of any participation at the adjourned Meeting by Ineligible Covered Bondholders;
- (m) acknowledges that the following terms, as used in this Extraordinary Resolution, shall have the meanings given below:

Consent Solicitation means the invitation by the Issuer to all Eligible Covered Bondholders to consent to the modification of the Conditions relating to the Series 2012-2 Covered Bonds as described in the Consent Solicitation Memorandum and as the same may be amended in accordance with its terms;

Consent Solicitation Memorandum means the consent solicitation memorandum dated 24 August 2021 prepared by the Issuer in relation to the Consent Solicitation;

Eligible Covered Bondholder means each Covered Bondholder who is (a) located and resident outside the United States, its territories and possessions and not a U.S. person (as defined in Regulation S under the Securities Act), (b) an eligible counterparty or a professional client (each as defined in MiFID II and COBS) and, if applicable and acting on a non-discretionary basis, who is acting on behalf of a beneficial owner that is also an eligible counterparty or a professional client, in each case in respect of the Series 2012-2 Covered Bonds and (c) otherwise a person to whom the Consent Solicitation can be lawfully made and that may lawfully participate in the Consent Solicitation;

Ineligible Covered Bondholder means each Covered Bondholder who is not an Eligible Covered Bondholder; and

Securities Act means the U.S. Securities Act of 1933, as amended; and

- (n) agrees that capitalised terms in this document where not defined herein shall have the meanings given to them in the Consent Solicitation Memorandum (a copy of which is available for inspection as referred to in the Notice)."

**EXTRAORDINARY RESOLUTION (SERIES 2012-2 TRANSFER)
IN RESPECT OF THE SERIES 2012-2 £700,000,000 4.625 PER CENT. REGULATED COVERED
BONDS DUE JUNE 2026**

"THAT this Meeting of the holders (together, the **Covered Bondholders**) of the presently outstanding Series 2012-2 £700,000,000 4.625 per cent. Regulated Covered Bonds due June 2026 (the **Series 2012-2 Covered Bonds**) of Clydesdale Bank PLC (the **Issuer**), constituted by the trust deed dated 1 December 2010 as amended and restated on 30 May 2012 made between the Issuer, the LLP and Deutsche Trustee Company Limited (the **Bond Trustee** and the **Security Trustee**) as bond trustee and security trustee for, *inter alios*, the Covered Bondholders (the **Trust Deed**):

- (a) (subject to paragraph (j) of this Extraordinary Resolution) assents to the transfer of the Series 2012-2 Covered Bonds to the €7 billion Clydesdale Bank PLC Global Covered Bond Programme irrevocably and unconditionally guaranteed by Eagle Place Covered Bonds LLP (the **Series 2012-2 Transfer**);
- (b) (subject to paragraph (j) of this Extraordinary Resolution) authorises, directs, requests and empowers:
 - (i) the Issuer, the LLP, the Bond Trustee and the Security Trustee to effect such modifications as may be required to effect the Series 2012-2 Transfer, including (but not limited to):
 - (A) the amendment of the terms and conditions of the Series 2012-2 Covered Bonds such that the terms and conditions will become those currently applicable to the New Clydesdale Covered Bond Programme, as set out in the Fourth Supplemental Trust Deed dated 5 August 2021 relating thereto (the **New Clydesdale Trust Deed**) (with associated amendments to be made to the Series 2012-2 Final Terms, as set out in the Amended and Restated Series 2012-2 Final Terms) and Series 2012-2 Covered Bonds becoming "Covered Bonds" for the purpose of and as defined in the New Clydesdale Covered Bond Programme and the New Clydesdale Trust Deed;
 - (B) the change of the Bond Trustee and the Security Trustee for the Series 2012-2 Covered Bonds from Deutsche Trustee Company Limited to HSBC Corporate Trustee Company (UK) Limited and the amendment of the trust created by the Trust Deed such that such trust is, following such amendment, on the terms of the New Clydesdale Trust Deed (as will be further supplemented by a supplemental trust deed (the **Series 2012-2 Supplemental Trust Deed**) entered into for such purpose;
 - (C) the termination and release of Clydesdale Covered Bonds No.2 LLP as guarantor for the Series 2012-2 Covered Bonds and its replacement by Eagle Place Covered Bonds LLP as such, with the terms of the guarantee from Eagle Place Covered Bonds LLP to be as set out in the New Clydesdale Trust Deed;
 - (D) the novation of the Series 2012-2 Covered Bond Swap to Eagle Place Covered Bonds LLP, the amendment of the dates on which the LLP makes payments thereunder to the 22nd of each calendar month to align with the LLP Payment Dates under (and as defined in) the New Clydesdale Covered Bond Programme, the making of amendments to the terms of the Series 2012-2 Covered Bond Swap for consistency with the current criteria of the rating agencies and the terms of the Swap Agreements under the New Clydesdale Covered Bond Programme, and the bringing of the Series 2012-2 Covered Bond Swap within the security package of the New Clydesdale Covered Bond Programme;
 - (E) the accession of the Covered Bond Swap Provider for the Covered Bonds to the New Clydesdale Covered Bond Programme as a Secured Creditor (as such term is defined in the New Clydesdale Covered Bond Programme);

- (F) the amendment and restatement of the Term Advance between Clydesdale Covered Bonds No.2 LLP and the Issuer under the Legacy Clydesdale Covered Bond Programme such that Eagle Place Covered Bonds LLP replaces Clydesdale Covered Bonds No.2 LLP as borrower thereunder and the Term Advance becomes subject to the Intercompany Loan Agreement between the Issuer and Eagle Place Covered Bonds LLP under the New Clydesdale Covered Bond Programme;
 - (G) the assumption by HSBC Bank PLC of the roles of Principal Paying Agent, Registrar and Transfer Agent pursuant to the terms of the Agency Agreement relating to the New Clydesdale Covered Bond Programme (as supplemented by the Series 2012-2 Supplemental Agency Agreement) (replacing Deutsche Bank AG, London Branch and Deutsche Bank Trust Company Americas, as applicable, in such capacities in relation to the Series 2012-2 Covered Bonds); and
- (ii) the Issuer, the Bond Trustee and the Security Trustee to execute the Amendment Documents relating to this Extraordinary Resolution and to execute and do all such deeds, instruments, acts and things as may be necessary, desirable or expedient to carry out and to give effect to the Series 2012-2 Transfer and the implementation of the modifications referred to in paragraph (b)(i) of this Extraordinary Resolution;
- (c) discharges and exonerates each of the Bond Trustee and the Security Trustee from all liability for which they may have become or may become responsible under the Trust Deed or the Covered Bonds or any Transaction Document or any document related thereto in respect of any act or omission in connection with the passing of this Extraordinary Resolution or its implementation, the modifications referred to in this Extraordinary Resolution or the implementation of those modifications or the executing of any deeds, agreements, documents or instructions, or the performance of any acts, matters or things to be done to carry out and give effect to the Series 2012-2 Transfer or this Extraordinary Resolution;
 - (d) irrevocably waives any claim that the Covered Bondholders may have against the Bond Trustee and/or the Security Trustee arising as a result of any loss or damage which the Covered Bondholders may suffer or incur as a result of the Bond Trustee and/or Security Trustee acting upon this Extraordinary Resolution (including but not limited to circumstances where it is subsequently found that this Extraordinary Resolution is not valid or binding on the holders) and the Covered Bondholders further confirm that the Covered Bondholders will not seek to hold the Bond Trustee and/or Security Trustee liable for any such loss or damage;
 - (e) expressly agrees and undertakes to indemnify and hold harmless the Bond Trustee and/or Security Trustee from and against all losses, liabilities, damages, costs, charges and expenses which may be suffered or incurred by them as a result of any claims (whether or not successful, compromised or settled), actions, demands or proceedings brought against the Bond Trustee and/or the Security Trustee and against all losses, costs, charges or expenses (including legal fees) which the Bond Trustee and/or Security Trustee may suffer or incur which in any case arise as a result of the Bond Trustee and/or Security Trustee acting in accordance with the Extraordinary Resolution and the Trust Deed;
 - (f) sanctions and assents to every abrogation, modification, compromise or arrangement in respect of the rights of the Covered Bondholders appertaining to the Series 2012-2 Covered Bonds against the Issuer, whether or not such rights arise under the Conditions, the Trust Deed or any other Transaction Documents involved in, resulting from or to be effected by the amendments referred to in paragraph (a) of this Extraordinary Resolution and their implementation;
 - (g) approves that each of the Bond Trustee and Security Trustee be and is hereby authorised and instructed not to obtain any legal opinions in relation to, or to enquire into, the power and capacity of any person to enter into any document necessary, desirable or expedient in connection with the modifications

referred to in paragraph (a) of this Extraordinary Resolution or the due execution and delivery thereof by any party thereto or the validity and enforceability thereof;

- (h) waives any and all requirements, restrictions and conditions precedent set forth in the Transaction Documents on any person, in implementing the Series 2012-2 Transfer, this Extraordinary Resolution and the relevant Covered Bondholder Proposal;
- (i) discharges and exonerates each of the Issuer and the LLP from all liability for which it may have become or may become responsible under the Trust Deed, the Series 2012-2 Covered Bonds or any Transaction Document or any document related thereto in respect of any act or omission in connection with the passing of this Extraordinary Resolution or the executing of any deeds, agreements, documents or instructions, or the performance of any acts, matters or things to be done to carry out and give effect to the matters contemplated in the Notice or this Extraordinary Resolution;
- (j) declares that the implementation of this Extraordinary Resolution shall be conditional on:
 - (i) the passing of this Extraordinary Resolution; and
 - (ii) the quorum required for, and the requisite majority of votes cast at, this Meeting being satisfied by Eligible Covered Bondholders, irrespective of any participation at this Meeting by Ineligible Covered Bondholders and that, in the event that the Extraordinary Resolution is passed at this Meeting but such condition is not satisfied, the chairman of this Meeting and the Bond Trustee are hereby authorised, directed, requested and empowered to adjourn this Meeting for such period being not less than 13 clear days and not more than 42 clear days, and to such place as may be appointed by the chairman of this Meeting and approved by the Bond Trustee, for the purpose of reconsidering resolutions (a) to (i) of this Extraordinary Resolution with the exception of resolution (j)(ii) of this Extraordinary Resolution. Any such adjournment may be in relation to one or both of the extraordinary resolutions proposed to this Meeting. At any such adjournment of this Meeting, one or more persons present holding Definitive Covered Bonds or voting certificates or being proxies or representatives and holding or representing in aggregate not less than one-third of the aggregate Principal Amount Outstanding of the Series 2012-2 Covered Bonds shall form a quorum and a majority in favour consisting of not less than three-fourths of the votes cast at such adjourned meeting shall have the power to pass such Extraordinary Resolution, and this condition set out in this paragraph (j)(ii) will be satisfied if the quorum required for, and the requisite majority of votes cast at, such adjourned Meeting are satisfied by Eligible Covered Bondholders irrespective of any participation at the adjourned Meeting by Ineligible Covered Bondholders;
- (k) acknowledges that the following terms, as used in this Extraordinary Resolution, shall have the meanings given below:

Consent Solicitation means the invitation by the Issuer to all Eligible Covered Bondholders to consent to the modification of the Conditions relating to the Series 2012-2 Covered Bonds as described in the Consent Solicitation Memorandum and as the same may be amended in accordance with its terms;

Consent Solicitation Memorandum means the consent solicitation memorandum dated 24 August 2021 prepared by the Issuer in relation to the Consent Solicitation;

Eligible Covered Bondholder means each Covered Bondholder who is (a) located and resident outside the United States, its territories and possessions and not a U.S. person (as defined in Regulation S under the Securities Act), (b) an eligible counterparty or a professional client (each as defined in MiFID II and COBS) and, if applicable and acting on a non-discretionary basis, who is acting on behalf of a beneficial owner that is also an eligible counterparty or a professional client, in each case in respect of the Series 2012-2 Covered Bonds and (c) otherwise a person to whom the Consent Solicitation can be lawfully made and that may lawfully participate in the Consent Solicitation;

Ineligible Covered Bondholder means each Covered Bondholder who is not an Eligible Covered Bondholder; and

Securities Act means the U.S. Securities Act of 1933, as amended; and

- (1) agrees that capitalised terms in this document where not defined herein shall have the meanings given to them in the Consent Solicitation Memorandum (a copy of which is available for inspection as referred to in the Notice)."

INELIGIBLE COVERED BONDHOLDERS

Ineligible Holder Payment

Any Holder who is not an Eligible Covered Bondholder, on the basis that such Holder is either (i) a U.S. person and/or located or resident in the United States and/or (ii) a person to whom the Covered Bondholder Proposals cannot otherwise be lawfully made or that may not lawfully participate in the Consent Solicitation (each an **Ineligible Covered Bondholder**), may not participate in the Consent Solicitation or be eligible to receive the Transfer Consent Fee.

However, to the extent permitted by applicable laws and regulations, Ineligible Covered Bondholders who submit an Ineligible Holder Instruction (as defined below) in relation to any of their Covered Bonds which is received by the Tabulation Agent prior to 4 p.m. (London Time) on 7 September 2021 will be eligible to receive an additional amount equal to 0.05 per cent. of the nominal amount of the relevant Series 2012-2 Covered Bonds held by such Ineligible Covered Bondholder (the **Ineligible Holder Payment**), subject to the Extraordinary Resolution relating to the Series 2012-2 Transfer being passed at the Meeting (or any adjourned Meeting), the Eligibility Condition in relation thereto being satisfied and the amendments set out in paragraph 1 of the Extraordinary Resolution relating to the Series 2012-2 Transfer being implemented. There will be no Ineligible Holder Payment in relation to the SONIA Amendments.

Only Ineligible Covered Bondholders may submit Ineligible Holder Instructions and be eligible to receive any part the Ineligible Holder Payment. To be eligible for the Ineligible Holder Payment, an Ineligible Covered Bondholder must deliver, or arrange to have delivered on its behalf, a valid Ineligible Holder Instruction (as defined below) by the applicable deadline that is not subsequently revoked.

Where payable, applicable Ineligible Holder Payments are expected to be paid by the Company to the relevant Ineligible Covered Bondholders by no later than the fifth business day following the implementation of the amendments set out in paragraph 1 of the Extraordinary Resolution relating to the Series 2012-2 Transfer.

Submission of Ineligible Holder Instructions

In respect of any Series 2012-2 Covered Bonds held through Euroclear Bank SA/NV (**Euroclear**) or Clearstream Banking, S.A. (**Clearstream, Luxembourg**), the submission of Ineligible Holder Instructions will be deemed to have occurred upon receipt by the Tabulation Agent from Euroclear or Clearstream, Luxembourg, as applicable, of a valid instruction (an **Ineligible Holder Instruction**) submitted in accordance with the requirements of Euroclear or Clearstream, Luxembourg, as applicable.

Each such Ineligible Holder Instruction must specify, among other things, the aggregate principal amount of the Series 2012-2 Covered Bonds to which such Ineligible Holder Instruction relates, the securities account number at Euroclear or Clearstream, Luxembourg, as applicable, in which the Series 2012-2 Covered Bonds are held and whether the Ineligible Covered Bondholder wishes to instruct the Principal Paying Agent to appoint one or more representatives of the Tabulation Agent to attend the Meeting (via teleconference) (and any adjourned such Meeting) and vote in favour of or against the Extraordinary Resolutions. The receipt of such Ineligible Holder Instruction by Euroclear or Clearstream, Luxembourg, as applicable, will be acknowledged in accordance with the standard practices of Euroclear or Clearstream, Luxembourg, as applicable, and will result in the blocking of the Series 2012-2 Covered Bonds in the relevant Ineligible Covered Bondholder's account with Euroclear or Clearstream, Luxembourg, as applicable, so that no transfers may be effected in relation to the Series 2012-2 Covered Bonds until the earlier of (i) the date on which the relevant Ineligible Holder Instruction is validly revoked (including their automatic revocation on the termination of the Consent Solicitation) and (ii) the conclusion of the Meeting (or, if applicable, any adjourned Meeting).

Only Direct Participants (as defined under "*Voting and Quorum*" below) may submit Ineligible Holder Instructions. Each beneficial owner of Series 2012-2 Covered Bonds who is an Ineligible Covered Bondholder and is not a Direct Participant, must arrange for the Direct Participant through which such beneficial owner of

Series 2012-2 Covered Bonds who is an Ineligible Covered Bondholder holds its Series 2012-2 Covered Bonds to submit an Ineligible Holder Instruction on its behalf to Euroclear or Clearstream, Luxembourg, as applicable, before the deadlines specified by the relevant clearing system.

By delivering, or arranging for the delivery on its behalf of, an Ineligible Holder Instruction in accordance with the procedures described below, a Covered Bondholder shall be deemed to agree, undertake, acknowledge and represent to the Issuer, the Tabulation Agent and the Solicitation Agent that at (i) the time of submission of such Ineligible Holder Instruction, (ii) the Expiration Date and (iii) the time of the Meeting and at the time of the adjourned Meeting (and if a Covered Bondholder is unable to make any such acknowledgement or give any such representation or warranty, such Covered Bondholder or Direct Participant should contact the Tabulation Agent immediately):

- (a) It is an Ineligible Covered Bondholder.
- (b) It is not a person or entity (a **Person**) (A) that is, or is directly or indirectly owned or controlled by a Person that is, described or designated in (i) the most current "Specially Designated Nationals and Blocked Persons" list (which as of the date hereof can be found at: <https://www.treasury.gov/ofac/downloads/sdnlist.pdf>) or (ii) the Foreign Sanctions Evaders List (which as of the date hereof can be found at: <http://www.treasury.gov/ofac/downloads/fse/fselist.pdf>) or (iii) the most current "Consolidated list of persons, groups and entities subject to EU financial sanctions" (which as of the date hereof can be found at: https://eeas.europa.eu/headquarters/headquarters-homepage_en/8442/Consolidated%20list%20of%20sanctions); or (B) that is otherwise the subject of any sanctions administered or enforced by any Sanctions Authority, other than solely by virtue of their inclusion in: (i) the most current "Sectoral Sanctions Identifications" list (which as of the date hereof can be found at: <https://www.treasury.gov/ofac/downloads/ssi/ssilist.pdf>) (the **SSI List**), (ii) Annexes 3, 4, 5 and 6 of Council Regulation No. 833/2014, as amended from time to time including by Council Regulation No. 960/2014 and Council Regulation (EU) No 1290/2014 and Council Regulation (EU) No 2015/1797 (the **EU Annexes**), or (iii) any other list maintained by a Sanctions Authority, with similar effect to the SSI List or the EU Annexes. For these purposes **Sanctions Authority** means each of: (i) the United States government; (ii) the United Nations; (iii) the European Union (or any of its member states); (iv) the United Kingdom; (v) any other equivalent governmental or regulatory authority, institution or agency which administers economic, financial or trade sanctions; and (vi) the respective governmental institutions and agencies of any of the foregoing including, without limitation, the Office of Foreign Assets Control of the US Department of the Treasury, the United States Department of State, the United States Department of Commerce and Her Majesty's Treasury.
- (c) It is assuming all the risks inherent in participating in the Consent Solicitation and has undertaken all the appropriate analyses of the implications of the Consent Solicitation without reliance on the Issuer, the LLP, the Bond Trustee, the Security Trustee, the Principal Paying Agent, the Solicitation Agent or the Tabulation Agent.
- (d) It has consulted with its own legal, regulatory, tax, business, investment, financial and accounting advisers to the extent deemed necessary, and has made its own investment decisions (including decisions regarding the suitability of any transaction pursuant to the documentation) based upon its own judgement and upon any advice from such advisers as deemed necessary and not upon any view expressed by the Issuer, the Solicitation Agent, the Tabulation Agent, the Principal Paying Agent, the Security Trustee and the Bond Trustee or any of their respective directors, officers, employees, agents or affiliates.
- (e) It has observed the laws of all relevant jurisdictions, obtained all requisite governmental, exchange control or other required consents, complied with all requisite formalities and paid any issue, transfer or other taxes or requisite payments due from it in each respect in connection with any vote in relation to the Extraordinary Resolutions, in any jurisdiction and that it has not taken or omitted to take any

action in breach of the representations or which will or may result in the Issuer, the LLP, the Solicitation Agent, the Tabulation Agent, the Bond Trustee, the Security Trustee, the Principal Paying Agent or any other person acting in breach of the legal or regulatory requirements of any such jurisdiction in connection with any votes in relation to the Extraordinary Resolutions.

- (f) It has full power and authority to vote in the Meeting (or any such adjourned Meeting).
- (g) Each Ineligible Holder Instruction is made on the terms and conditions set out in this Notice and therein.
- (h) Each Ineligible Holder Instruction is being submitted in compliance with the applicable laws or regulations of the jurisdiction in which the Covered Bondholder is located or in which it is resident or located and no registration, approval or filing with any regulatory authority of such jurisdiction is required in connection with each such Ineligible Holder Instruction.
- (i) By blocking Series 2012-2 Covered Bonds in the relevant Clearing System, it will be deemed to consent to the relevant Clearing System providing details concerning its identity to the Issuer, the Bond Trustee, the Security Trustee, the LLP, the Principal Paying Agent, the Solicitation Agent, the Tabulation Agent and their respective legal advisers.
- (j) It holds and will hold, until the earlier of (i) the date on which its Ineligible Holder Instruction is validly revoked, in the limited circumstances in which such revocation is permitted in accordance with the terms of the Consent Solicitation and (ii) conclusion of the Meeting or (if applicable) any adjourned Meeting, as the case may be, the Series 2012-2 Covered Bonds the subject of the Ineligible Holder Instruction, in the relevant Clearing System and, if it holds its Series 2012-2 Covered Bonds through Euroclear, or Clearstream, Luxembourg in accordance with the requirements of the relevant Clearing System and by the deadline required by the relevant Clearing System, it has submitted, or has caused to be submitted, an Ineligible Holder Instruction to the relevant Clearing System, as the case may be, to authorise the blocking of such Series 2012-2 Covered Bonds with effect on and from the date thereof so that no transfers of such Series 2012-2 Covered Bonds may be effected until the occurrence of any of the events listed in (i) or (ii) above.
- (k) It acknowledges that none of the Issuer, the Bond Trustee, the Security Trustee, the Solicitation Agent, the Tabulation Agent, the Principal Paying Agent and/or the LLP or any of their respective affiliates, directors, officers, employees or agents has made any recommendation as to whether to vote on the Extraordinary Resolutions and it represents that it has made its own decision with regard to voting on the Extraordinary Resolutions based on any independent legal, financial, tax or other advice that it has deemed necessary to seek.
- (l) It acknowledges that all authority conferred or agreed to be conferred pursuant to these acknowledgements, representations, warranties and undertakings and every obligation of the Covered Bondholder offering to vote on the Extraordinary Resolutions shall to the extent permitted by applicable law be binding upon the successors, assigns, heirs, executors, trustees in bankruptcy and legal representatives of the Covered Bondholder voting on the Extraordinary Resolutions and shall not be affected by, and shall survive, the death or incapacity of the Covered Bondholder voting on the Extraordinary Resolutions, as the case may be.
- (m) The Series 2012-2 Covered Bonds, and the guarantee thereof, have not been and will not be registered under the Securities Act, or the securities laws of any state or other jurisdiction of the United States, and may not be offered or sold in the United States or its territories or possessions or to, or for the account or benefit of, U.S. persons, unless an exemption from the registration requirements of the Securities Act is available (terms used in this and the following paragraph that are, unless otherwise specified, defined in Regulation S are used as defined in Regulation S).

- (n) None of the Issuer, the LLP, the Solicitation Agent, the Tabulation Agent, the Principal Paying Agent, the Security Trustee and the Bond Trustee or any of their respective directors, officers, employees, agents or affiliates has given (directly or indirectly through any other person) any assurance, guarantee, or representation whatsoever as to the expected or projected success, profitability, return, performance, result, effect, consequence or benefit (including legal, regulatory, tax, financial, accounting or otherwise) of the Consent Solicitation.
- (o) None of the Issuer, the LLP, the Bond Trustee, the Security Trustee, the Principal Paying Agent, the Solicitation Agent or the Tabulation Agent is acting as a fiduciary or financial or investment adviser for it.
- (p) The terms and conditions of the Consent Solicitation shall be deemed to be incorporated in, and form a part of, the Ineligible Holder Instruction which shall be read and construed accordingly and that the information given by or on behalf of such Covered Bondholder in the Ineligible Holder Instruction is true and will be true in all respects at the time of the Meeting (or any adjourned Meeting).
- (q) It acknowledges that the Solicitation Agent may (but is not obliged to) submit Consent Instructions for its own account as well as on behalf of other Beneficial Owners of the Series 2012-2 Covered Bonds.
- (r) No information has been provided to it by the Issuer, the LLP, the Bond Trustee, the Security Trustee, the Solicitation Agent or the Tabulation Agent, or any of their respective directors or employees, with regard to the tax consequences for Covered Bondholders arising from the participation in the Consent Solicitation or the implementation of any Extraordinary Resolution, and it acknowledges that it is solely liable for any taxes and similar or related payments imposed on it under the laws of any applicable jurisdiction as a result of its participation in the Consent Solicitation, and agrees that it will not and does not have any right of recourse (whether by way of reimbursement, indemnity or otherwise) against the Issuer, the LLP, the Bond Trustee, the Security Trustee, the Solicitation Agent or the Tabulation Agent, or any of their respective directors or employees, or any other person in respect of such taxes and payments.

The representation, warranty and undertaking set out in paragraph (b) above shall, other than when such representation, warranty and undertaking is made by a Covered Bondholder (and the Direct Participant submitting the relevant Ineligible Holder Instruction on such Covered Bondholder's behalf) at the time of submission of the relevant Ineligible Holder Instruction, not apply if and to the extent that it is or would be a breach of any provision of Council Regulation (EC) No 2271/1996 (including as it forms part of UK domestic law by virtue of the European Union (Withdrawal) Act 2018) (the **Blocking Regulations**) and/or any associated and applicable national law, instrument or regulation related to the Blocking Regulations.

If the relevant Ineligible Covered Bondholder is unable to give any of the representations and warranties described above, such Ineligible Covered Bondholder should contact the Tabulation Agent.

Each Ineligible Covered Bondholder submitting an Ineligible Holder Instruction in accordance with its terms shall be deemed to have agreed to indemnify the Issuer, the LLP, the Solicitation Agent, the Tabulation Agent, the Principal Paying Agent, the Bond Trustee, the Security Trustee and any of their respective affiliates, directors, officers, employees or agents against all and any losses, costs, fees, claims, liabilities, expenses, charges, actions or demands which any of them may incur or which may be made against any of them as a result of any breach of any of the terms of, or any of the representations, warranties and/or undertakings given pursuant to, such vote by such Covered Bondholder.

Additional terms of the Consent Solicitation

Each Covered Bondholder submitting a Consent Instruction or Ineligible Holder Instruction in accordance with its terms shall be deemed to have agreed to indemnify the Issuer, the LLP, the Solicitation Agent, the Tabulation Agent, the Principal Paying Agent, the Bond Trustee, the Security Trustee and any of their

respective affiliates, directors, officers, employees or agents against all and any losses, costs, fees, claims, liabilities, expenses, charges, actions or demands which any of them may incur or which may be made against any of them as a result of any breach of any of the terms of, or any of the representations, warranties and/or undertakings given pursuant to, such vote by such Covered Bondholder.

If any Consent Instructions or Ineligible Holder Instructions or other communication (whether electronic or otherwise) addressed to the Issuer, the Solicitation Agent, the Principal Paying Agent or the Tabulation Agent is communicated on behalf of a Covered Bondholder (by an attorney-in-fact, custodian, bond trustee, administrator, director or officer of a corporation or any other person acting in a fiduciary or representative capacity) that fact must be indicated in the relevant communication, and a power of attorney or other form of authority, in a form satisfactory to the Issuer, must be delivered to the Issuer, the Solicitation Agent, the Principal Paying Agent or the Tabulation Agent (as applicable) by the Expiration Deadline. Failure to submit such evidence as aforesaid may result in rejection of the acceptance. Neither the Issuer nor any of the Solicitation Agent, the Principal Paying Agent or the Tabulation Agent shall have any responsibility to check the genuineness of any such power of attorney or other form of authority so delivered and may conclusively rely on, and shall be protected in acting in reliance upon, any such power of attorney or other form of authority.

Requirements of U.S. Securities laws

If an Extraordinary Resolution is passed and implemented in respect of any Series, the Amended and Restated Series 2012-2 Final Terms relating to the Series 2012-2 Covered Bonds will contain a statement that, until the expiry of the period of 40 days after the date of the Amended and Restated Series 2012-2 Final Terms, sales of the Series 2012-2 Covered Bonds may not be made in the United States or to U.S. persons unless made outside the United States, its territories and possessions pursuant to Rules 903 and 904 of Regulation S.

*Covered Bondholders who have submitted and not revoked (in the limited circumstances in which revocation is permitted) a valid Consent Instruction or Ineligible Holder Instruction in respect of the Extraordinary Resolutions which is received by the Tabulation Agent by 4 p.m. (London time) (5 p.m. (CET)) on 10 September 2021 (the **Expiration Deadline**), by which they will have given instructions for the appointment of one or more representatives of the Tabulation Agent by the Principal Paying Agent as their proxy to vote in favour of or against (as specified in the Consent Instruction or Ineligible Holder Instruction) the Extraordinary Resolutions at the Meeting (or any adjourned such Meeting), need take no further action to be represented at the Meeting (or any such adjourned Meeting).*

Covered Bondholders who attend the Meeting in person (via teleconference) will not be able to speak or vote at the Meeting.

GENERAL INFORMATION

The attention of Covered Bondholders is particularly drawn to the quorum required for the Covered Bondholders Meeting and for any adjourned Meeting which is set out in paragraphs 1, 1, 2, 3 and 4 of "Voting and Quorum" below. Having regard to such requirements, Covered Bondholders are strongly urged to take steps to be represented at the Meeting, as referred to below, as soon as possible. Covered Bondholders who attend the Meeting (via teleconference) in person will not be able to speak or vote at the Meeting.

VOTING AND QUORUM

1. The provisions governing the convening and holding of the Meeting are set out in Schedule 4 (*Provisions for Meetings of Covered Bondholders*) to the Trust Deed, a copy of which is available for inspection by the Covered Bondholders during normal business hours at the specified offices of the Tabulation Agent on any weekday (public holidays excepted) and on the Issuer's Website up to and including the date of the Meeting.

All of the Series 2012-2 Covered Bonds are represented by a global Covered Bond and are held by a common safekeeper for Euroclear Bank SA/NV (**Euroclear**) and Clearstream Banking, S.A. (**Clearstream, Luxembourg**). For the purpose of the Meeting, a **Covered Bondholder** shall mean each person who is for the time being shown in the records of Euroclear or Clearstream, Luxembourg as the holder of a particular Principal Amount Outstanding of the Series 2012-2 Covered Bonds.

The Meeting will be held via teleconference. Covered Bondholders wishing to attend the teleconference may obtain dial-in details from the Tabulation Agent using the notice details set out in *Contact Information* below, upon the Tabulation Agent being satisfied that any Covered Bondholder requesting the same has provided evidence of its holdings of the Series 2012-2 Covered Bonds. Any Covered Bondholder who wishes to attend the Meeting in person (via teleconference) will not be permitted to speak or vote at the Meeting.

Any Covered Bondholder who wishes to vote in respect of the Extraordinary Resolutions should: (i) in the case of a beneficial owner whose Series 2012-2 Covered Bonds are held in book-entry form by a custodian, request such beneficial owner's custodian to vote on the Extraordinary Resolutions in accordance with the procedures set out in *Section 4 – **Error! Reference source not found.*** of the Consent Solicitation Memorandum, or (ii) in the case of a Covered Bondholder whose Covered Bonds are held in book-entry form directly in the relevant Clearing System, vote on the Extraordinary Resolutions in accordance with the procedures set out in *Section 4 – **Error! Reference source not found.*** of the Consent Solicitation Memorandum.

Covered Bondholders should note that the timings and procedures set out below reflect the requirements for Covered Bondholders' meetings set out in the Trust Deed, but that the Clearing Systems and the relevant intermediaries may have their own additional requirements as to timings and procedures for voting on the Extraordinary Resolutions. Accordingly, Covered Bondholders wishing

to vote in respect of the Extraordinary Resolutions are strongly urged either to contact their custodian (in the case of a beneficial owner whose Series 2012-2 Covered Bonds are held in book-entry form by a custodian) or the relevant Clearing System (in the case of a Covered Bondholder whose Series 2012-2 Covered Bonds are held in book-entry form directly in the relevant Clearing System), as soon as possible.

1. The quorum at any Meeting for passing an Extraordinary Resolution which constitutes a Series Reserved Matter shall (subject as provided below) be one or more persons holding or representing Series 2012-2 Covered Bonds or voting certificates or being proxies or representatives and holding or representing in aggregate not less than two-thirds of the aggregate Principal Amount Outstanding of the relevant Series of Covered Bonds for the time being outstanding. If a quorum is not present within 15 minutes (or such longer period not exceeding 30 minutes as the Chairman of the Meeting may decide) after the time fixed for a Meeting, the Meeting will be adjourned for such period being not less than 13 clear days and not more than 42 clear days, to be held via teleconference. In addition, in the event that the quorum required for, and the requisite majority of votes cast at, the Meeting is satisfied but either or both of the Extraordinary Resolutions is not approved at the Meeting, the chairman of the Meeting (with the approval of the Bond Trustee) will adjourn the Meeting for such period being not less than 13 clear days and not more than 42 clear days, to be held via teleconference. If the Eligibility Condition is not satisfied in relation to one only of the Extraordinary Resolutions, any adjourned meeting will be held in relation to that Extraordinary Resolution only. The Extraordinary Resolution (or Extraordinary Resolutions) will be considered at an adjourned Meeting (notice of which will be given to the Covered Bondholders of the Series 2012-2 Covered Bonds). At any adjourned Meeting, one or more persons holding Definitive Covered Bonds or voting certificates or being proxies or representatives and holding or representing in aggregate not less than one-third of the aggregate Principal Amount Outstanding of the Series 2012-2 Covered Bonds shall (subject as provided below) form a quorum and a majority in favour consisting of not less than three-fourths of the votes cast at such adjourned meeting shall have the power to pass the Extraordinary Resolution (or Extraordinary Resolutions, as applicable).
2. To be passed at the Meeting, each Extraordinary Resolution requires a majority in favour consisting of not less than three-fourths of the votes cast. The question submitted to the Meeting shall be decided in the first instance by a poll demanded by the chairman of the Meeting, the Issuer, the LLP, the Bond Trustee or by one or more persons present holding Definitive Covered Bonds or a voting certificate or being a proxy or representative and representing or holding any of the Principal Amount Outstanding of the Series 2012-2 Covered Bonds. A declaration by the Chairman that a resolution has been carried or carried by a particular majority or lost or not carried by a particular majority shall be conclusive evidence of the fact without proof of the number or proportion of the votes recorded in favour of or against such resolution.
3. The implementation of each Extraordinary Resolutions will be conditional on:
 - (a) the passing of such Extraordinary Resolution; and
 - (b) the quorum required for, and the requisite majority of votes cast at, the Meeting being satisfied by Eligible Covered Bondholders, irrespective of any participation at the Meeting by Ineligible Covered Bondholders (including the satisfaction of such condition at an adjourned Meeting) (the **Eligibility Condition**),(together, the **Consent Conditions**).
4. If passed, the Extraordinary Resolutions (or either of them, as applicable) will be binding upon all the Covered Bondholders of the Series 2012-2 Covered Bonds and upon all Receiptholders and Couponholders of the Series 2012-2 Covered Bonds whether or not present or voting at the Meeting.

Documents Available for Inspection

Copies of items (a) to (c) below (together, the **Covered Bondholder Information**) will be available from the date of this Notice, for inspection from the Issuer's Website and from the Tabulation Agent up to and including the conclusion of the Meeting (including any adjourned Meeting):

- (a) this Notice;
- (b) in relation to the SONIA Amendments, the current drafts of the Amended and Restated Series 2012-2 Final Terms, the Amended and Restated Series 2012-2 Term Advance and the Amended and Restated Series 2012-2 Covered Bond Swap Agreement (drafted assuming the Series 2012-2 Transfer will be effected) (the **Available Documents**); and
- (c) in relation to the Series 2012-2 Transfer, the current drafts of (i) a deed of amendment and restatement relating to the Amended and Restated Series 2012-2 Term Advance; (ii) the Amended and Restated Series 2012-2 Term Advance; (iii) a supplemental trust deed relating to the Series 2012-2 Covered Bonds (appending the amended and restated terms and conditions which will be applicable thereto); (iv) the Amended and Restated Series 2012-2 Final Terms (drafted assuming the SONIA Amendments will be effected); (v) a supplemental agency agreement relating to the Series 2012-2 Covered Bonds; (iv) an amended and restated Permanent Global Covered Bond relating to the Series 2012-2 Covered Bonds; and (vii) the Amended and Restated Series 2012-2 Covered Bond Swap Agreement (drafted assuming the SONIA Amendments will be effected).

This Notice should be read in conjunction with the Covered Bondholder Information.

The Covered Bondholder Information may be supplemented from time to time. Existing Covered Bondholders should note that the Available Documents may be subject to amendment. Should such amendments be made, blacklined copies (showing the changes from the originally available Available Documents) and clean versions will be available for inspection at the specified office of the Tabulation Agent or on the Issuer's Website as above.

Existing Covered Bondholders will be informed of amendments to the Available Documents by announcements released on the regulatory news service of the London Stock Exchange and via the relevant Clearing Systems.

The prospectus in relation to the New Clydesdale Covered Bond Programme dated 5 August 2021 and the programme documentation applicable thereto can be found at <https://www.virginmoneyukplc.com/investor-relations/debt-investors/global-covered-bonds/global-covered-bonds-programme>.

CONTACT INFORMATION

Further information relating to the Proposed Amendments can be obtained from the Solicitation Agent directly:

Barclays Bank PLC
5 The North Colonnade
London E14 4BB
United Kingdom

Telephone: +44 (0)203 134 8515

Attention: Liability Management Group

Email: eu.lm@barclays.com

The addresses and contact information of the Principal Paying Agent, the Tabulation Agent, the Security Trustee and the Bond Trustee are set out below:

Bond Trustee and Security Trustee

Deutsche Trustee Company Limited
Winchester House
1 Great Winchester Street
London EC2N 2DB

Fax: +44 207 547 5919

Attention: The Managing Director (TSS-SFS)

Tabulation Agent

Lucid Issuer Services Limited
Tankerton Works
12 Argyle Walk
London WC1H 8HA
United Kingdom

Telephone number: +44 20 7704 0880

Fax: + 44 20 3004 1590

Email: virginmoney@lucid-is.com

Attn: Owen Morris / Illia Vyshenskyi

Principal Paying Agent

Deutsche Bank AG, London Branch

Fax: +44 207 547 5919

Attention: TSS-SFS (ABS/MBS Group –
EMEA)

Covered Bondholders whose Series 2012-2 Covered Bonds are held by Euroclear or Clearstream, Luxembourg should contact the Tabulation Agent at the address details above for further information on how to vote at the Meeting.

ANNOUNCEMENTS

If the Issuer is required to make an announcement relating to matters set out in this Notice, any such announcement will be made in accordance with all applicable rules and regulations via notices to the Clearing Systems for communication to Covered Bondholders and an announcement released on the regulatory news service of the London Stock Exchange.

This Notice is given by:

CLYDESDALE BANK PLC

Dated 24 August 2021

ANNEX 1

COMPOUNDED DAILY SONIA

SONIA

"Where Screen Rate Determination is specified in the applicable Final Terms as the manner in which the Rate of Interest is to be determined and the Reference Rate in respect of the relevant Series of Floating Rate Covered Bonds is specified in the applicable Final Terms as being the Sterling Overnight Index Average (**SONIA**), the Rate of Interest for each Interest Period will, subject as provided below, be Compounded Daily SONIA plus or minus (as indicated in the applicable Final Terms) the Margin.

Compounded Daily SONIA means the rate of return of a daily compound interest investment (with the daily sterling overnight reference rate as reference rate for the calculation of interest) and will be calculated by the Principal Paying Agent (or such other party responsible for the calculation of the Rate of Interest, as specified in the applicable Final Terms) as at the Interest Determination Date, as follows, and the resulting percentage will be rounded if necessary to the fourth decimal place, with 0.00005 being rounded upwards:

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

where:

d is the number of calendar days in the relevant Interest Accrual Period;

d_o is the number of London Banking Days in the relevant Interest Accrual Period;

i is a series of whole numbers from one to **d_o**, each representing the relevant London Banking Day in chronological order from, and including, the first London Banking Day in the relevant Interest Accrual Period;

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

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

Observation Period means the period from (and including) the date falling "p" London Banking Days prior to the first day of the relevant Interest Accrual Period to (but excluding) the date falling "p" London Banking Days prior to the Interest Payment Date for such Interest Accrual Period;

p means the number of London Banking Days included in the SONIA Lag Period specified in the applicable Final Terms (or, if no such number is so specified, five London Banking Days);

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

SONIA_{i-pLBD} means, in respect of any London Banking Day falling in the relevant Interest Accrual Period, the SONIA reference rate for the London Banking Day falling "p" London Banking Days prior to the relevant London Banking Day "i".

If, in respect of any London Banking Day in the relevant Observation Period, the applicable SONIA reference rate is not made available on the Relevant Screen Page or has not otherwise been published by the relevant

authorised distributors, then (unless the Principal Paying Agent (or other party responsible for calculating the Rate of Interest as set out in the relevant Final Terms) has been notified of any Alternative Base Rate (and any related Base Rate Modifications) pursuant to Condition 15(b)(iii), if applicable) the SONIA reference rate in respect of such London Banking Day shall be: (i) the Bank of England's Bank Rate (the **Bank Rate**) prevailing at 5 p.m. (or, if earlier, close of business) on such London Banking Day; plus (ii) the mean of the spread of the SONIA reference rate to the Bank Rate over the previous five London Banking Days on which a SONIA reference rate has been published, excluding the highest spread (or, if there is more than one highest spread, one only of those highest spreads) and lowest spread (or, if there is more than one lowest spread, one only of those lowest spreads).

Notwithstanding the paragraph above, in the event the Bank of England publishes guidance as to (i) how the SONIA reference rate is to be determined or (ii) any rate that is to replace the SONIA reference rate, the Principal Paying Agent (or such other party responsible for the calculating the Rate of Interest as set out in the relevant Final Terms) shall, subject to receiving written instructions from the Issuer and to the extent that it is reasonably practicable, follow such guidance in order to determine SONIA; for the purpose of the relevant Series of Covered Bonds for so long as the SONIA reference rate is not available or has not been published by the authorised distributors.

In the event that the Rate of Interest cannot be determined in accordance with the foregoing provisions, the Rate of Interest shall be:

- (a) that determined as at the last preceding Interest Determination Date (though substituting, where a different Margin, Maximum Rate of Interest and/or Minimum Rate of Interest is to be applied to the relevant Interest Accrual Period from that which applied to the last preceding Interest Accrual Period, the Margin, Maximum Rate of Interest and/or Minimum Rate of Interest (as the case may be) relating to the relevant Interest Accrual Period, in place of the Margin, Maximum Rate of Interest and/or Minimum Rate of Interest (as applicable) relating to that last preceding Interest Accrual Period); or
- (b) if there is no such preceding Interest Determination Date, the initial Rate of Interest which would have been applicable to such Series of Covered Bonds for the first scheduled Interest Accrual Period had the Covered Bonds been in issue for a period equal in duration to the first scheduled Interest Accrual Period but ending on (and excluding) the Interest Commencement Date (applying the Margin and, if applicable, any Maximum Rate of Interest and/or Minimum Rate of Interest, applicable to the first scheduled Interest Accrual Period).

As used herein, an **Interest Accrual Period** means (i) each Interest Period and (ii) any other period (if any) in respect of which interest is to be calculated, being the period from (and including) the first day of such period to (but excluding) the day on which the relevant payment of interest falls due (which, if the relevant Series of Covered Bonds becomes due and payable following an Issuer Event of Default or an LLP Event of Default, shall be the date on which such Covered Bonds become due and payable).

If the relevant Series of Covered Bonds becomes due and payable following an Issuer Event of Default and a subsequent LLP Event of Default, the final Rate of Interest shall be calculated for the Interest Accrual Period to (but excluding) the date on which the Covered Bonds become so due and payable, and such Rate of Interest shall continue to apply to the Covered Bonds for so long as interest continues to accrue thereon as provided in Condition 5(d) and the Trust Deed."

ANNEX 2

MARGIN ADJUSTMENT

Rationale for the Proposal

Due to the differences in the nature of LIBOR and SONIA, the SONIA Amendments will also require corresponding adjustments to the Margin payable in respect of the Series 2012-2 Covered Bonds from (and including) the Final Maturity Date to (but excluding) the Extended Due for Payment Date.

The determination methodology proposed to determine the Adjustment Spread is based on the five-year historical median lookback approach using principles outlined in the methodology for such adjustments contained in the ISDA IBOR Fallback Supplement (supplement number 70 to the 2006 ISDA Definitions (which can be found at <http://assets.isda.org/media/3062e7b4/23aa1658-pdf/>), which incorporates into the ISDA definitions new interbank offered rate fallbacks).

The date from which the proposed change in reference rate is to occur will be the Effective Date (which shall be 22 October 2021).

For the avoidance of doubt, the rate of interest payable on the Series 2012-2 Covered Bonds up to (and including) the Final Maturity Date will continue to be the fixed rate specified in the applicable Final Terms.

The Adjustment Spread

Using the principles outlined in the ISDA IBOR Fallback Supplement, the **Adjustment Spread** will be the rate specified on Bloomberg screen "SBP0001M Index", or any successor page, as calculated by Bloomberg Index Services Limited (or a successor provider as approved and/or appointed by ISDA from time to time) (Bloomberg) in relation to 1-month Sterling LIBOR at 1pm on the day of the initial Meeting (or subsequent adjourned Meeting, as applicable).

As at the date of this Notice, and as a result of the FCA's announcement on 5 March 2021,¹ the rate specified on Bloomberg screen "SBP0001M Index" in relation to 1-month Sterling LIBOR has been fixed at 0.0326 per cent., and such rate (subject to any corrections or adjustments made to such rate by Bloomberg in accordance with its rule book) will be the Adjustment Spread.

The Margin Adjustment

The Rate of Interest for the Series 2012-2 Covered Bonds to be effective on the Effective Date will be equal to Compounded Daily SONIA plus:

- (a) the sum of 1.6366 per cent.; *plus*
- (b) the Adjustment Spread,

(the **Adjusted Margin**).

If the Adjustment Spread differs from that set out above, the Adjusted Margin will be announced to Covered Bondholders in accordance with Condition 13 (*Notices*) as soon as practicable following the date of determination.

The detailed provisions relating to the calculation of Compounded Daily SONIA are set out in the Trust Deed for the New Clydesdale Covered Bond Programme, which can be found at

¹ <https://www.fca.org.uk/publication/documents/future-cessation-loss-representativeness-libor-benchmarks.pdf>

<https://www.virginmoneyukplc.com/investor-relations/debt-investors/global-covered-bonds/global-covered-bonds-programme>.

ANNEX 3

CERTAIN MATERIAL DIFFERENCES BETWEEN THE LEGACY CLYDESDALE COVERED BOND PROGRAMME AND THE NEW CLYDESDALE COVERED BOND PROGRAMME

Below is a summary of certain key terms of the Legacy Clydesdale Covered Bond Programme and the New Clydesdale Covered Bond Programme. It is not a complete list of all key terms of each programme and does not set out all of the differences between the programmes but is intended to assist Covered Bondholders in analysing the Covered Bondholder Proposals. It is qualified in its entirety by the contents of the prospectus and programme documents applicable to each of the Legacy Clydesdale Covered Bond Programme and the New Clydesdale Covered Bond Programme, as applicable.

The current prospectus in relation to the Legacy Clydesdale Covered Bond Programme dated 30 May 2012 and the programme documentation applicable thereto can be found at <https://www.virginmoneyukplc.com/investor-relations/debt-investors/global-covered-bonds/global-covered-bonds-programme>.

The current prospectus in relation to the New Clydesdale Covered Bond Programme dated 5 August 2021 and the programme documentation applicable thereto can be found at <https://www.virginmoneyukplc.com/investor-relations/debt-investors/global-covered-bonds/global-covered-bonds-programme>.

	Legacy Clydesdale Covered Bond Programme	New Clydesdale Covered Bond Programme
Issuer	Clydesdale Bank PLC	Clydesdale Bank PLC
Guarantor	Clydesdale Covered Bonds No. 2 LLP	Eagle Place Covered Bonds LLP
Establishment Date	1 December 2010	9 April 2018
Last Programme Update	30 May 2012	5 August 2021
Listing	London Stock Exchange, Main Market	London Stock Exchange, Main Market
Nature of eligible property	Single asset pool designation, residential mortgage loans and liquid assets - residential mortgage loans located in England, Wales and Scotland and their related security, Substitution Assets up to the prescribed limit and Authorised Investments	Single asset pool designation, residential mortgage loans and liquid assets - residential mortgage loans located in England, Wales, Scotland or Northern Ireland, Substitution Assets up to the prescribed limit and Authorised Investments
Substitution Assets	<ul style="list-style-type: none"> • Sterling gilt-edged securities • Sterling demand or time deposits, certificates of deposit, long-term debt obligations and short-term debt obligations (including commercial 	<ul style="list-style-type: none"> • Sterling gilt-edged securities • Sterling demand or time deposits with a remaining period to maturity of one year or less and a rating of P-1 / Aa3 by Moody's and F1+ by Fitch

paper) with a remaining period to maturity of one year or less and a rating of P-1 / Aa3 by Moody's, and F1+ by Fitch

- Sterling denominated government and public securities with a remaining period to maturity of one year or less and which are rated at least Aaa by Moody's and F1+ by Fitch

- Sterling denominated government and public securities with a remaining period to maturity of one year or less and which are rated at least Aaa by Moody's and F1+ by Fitch,

provided that such Substitution Assets comply with the requirements of Regulation 2(1A) of the RCB Regulations

provided that such Substitution Assets comply with the requirements of Regulation 2(1A) of the RCB Regulations

Authorised Investments

Sterling gilt-edged securities and sterling demand or time deposits, certificates of deposit and short term debt obligations (including commercial paper) with a maturity date of 90 days or less, that mature on or before the next following LLP Payment Date and are rated at least equal to P-1 by Moody's and F1+ by Fitch

Sterling gilt-edged securities and Sterling demand or time deposits with a remaining maturity date of 30 days or less, that mature on or before the next following LLP Payment Date and with a rating of at least P-1 by Moody's and F1 by Fitch

Asset Coverage Test - Asset Percentage

The maximum Asset Percentage under the programme is 90%, equivalent to an overcollateralisation level of 11.1%. As of June 2021, the Asset Percentage used for the calculation of the Asset Coverage Test is 86.21%

The maximum Asset Percentage under the programme is 92.5%, equivalent to an overcollateralisation level of 8.1%. As of June 2021, the Asset Percentage used for the calculation of the Asset Coverage Test is 88%

Asset Coverage Test - Negative Carry Factor

In the asset coverage test, the negative carry factor is linked to the presence of the total return swap and a certain rating trigger (A3 by Moody's). If the total return swap is not in effect or if the issuer's rating falls below A3 by Moody's, the negative carry factor is i) 0.50% if the weighted average margin on the covered bonds is less than or equal to 0.10%, or ii) 0.50% plus such weighted average margin minus 0.10% otherwise

In the asset coverage test the amounts standing to the credit of the VM Bank Accounts are deducted in case of breach of a certain rating trigger. In addition, the negative carry factor is set at a fixed level of 0.50% and the whole parameter (Z) is set at zero only if the issuer's ratings are at least A / F1 (Fitch), A2 / P-1 (Moody's)

Asset Coverage Test – deduction for deposit set-off risk	If the rating of the Issuer is at or above A / F1 by Fitch and A3 by Moody's, zero; otherwise 7%	If the rating of the Issuer is at or above A / F1 by Fitch and A2 / P-1 by Moody's, zero; otherwise an amount sized taking into account deposit account balances, the current balance of the relevant Loans and the FSCS limit (or alternatively a percentage figure notified to the Rating Agencies)
LIBOR exposures	Still present in a number of structural features: interest rate swap and covered bond swap, yield shortfall test, interest rate shortfall test, eligibility criteria	None - transitioned fully to SONIA
Programme-level interest rate swap	The interest rate swap is provided by an external counterparty, National Australia Bank Limited (NAB). The LLP has entered into a total return swap with NAB, pursuant to which it hedges each of the fixed, tracker and SVR interest rate types in the cover pool. The total return swap converts the mortgage cash flows into (currently) a 3 month sterling LIBOR cash flow (see above).	The interest rate swaps are provided by Clydesdale Bank PLC. The mortgage cash flows on the fixed, SVR and tracker loans are converted into a cash flow based on SONIA. The programme however retains the flexibility to leave some of the cover pool unhedged, should the issuer wish to; following a downgrade the Issuer retains the option, subject to FCA approval, to set the notional of the SVR swap to zero
Bank accounts rating triggers	<p><u>GIC Account Bank</u></p> <p><u>Loss of P-1 (Moody's), F1 / A (Fitch):</u> within 30 days the GIC account is transferred to a satisfactory rated institution or an unconditional and unlimited guarantee is provided by a satisfactory rated institution</p> <p><u>Transaction Account Bank</u></p> <p><u>Loss of P-1 (Moody's), F1 / A (Fitch):</u> within 30 days the transaction account is transferred to a satisfactory rated institution or an unconditional and unlimited guarantee is obtained or the Account Reserve is credited with the Account Reserve Required Amount. Upon loss of P-2 (Moody's) only the first two remedies are applicable</p> <p><u>Collection Account Bank</u></p>	<p><u>Account Bank</u></p> <p><u>Loss of P-1 / A2 (Moody's), F1+ / AA- (Fitch):</u> within 60 days the account bank is replaced or the Account Bank Remedial Ratings will apply (see below) or the necessary steps are taken to ensure the covered bonds are not downgraded</p> <p><u>Loss of A3 (Moody's), F1 / A (Fitch):</u> within 30 days the account bank is replaced or the necessary steps are taken to ensure the covered bonds are not downgraded</p> <p><u>Issuer Account Bank</u></p> <p><u>Loss of A3 (Moody's), F1 / A (Fitch):</u> only an amount up to the Issuer Permitted Cash Amount can be held in the issuer account</p>

	<p><u>Loss of P-1 (Moody's), F2 / A (Fitch):</u> within 30 days the collection account is transferred to a satisfactory rated institution or an unconditional and unlimited guarantee is obtained or the Account Reserve is credited with the Account Reserve Required Amount. Upon loss of P-2 (Moody's) only the first two remedies are applicable</p>	<p><u>Loss of BBB- (Fitch):</u> all amounts standing to the credit of the issuer account are transferred to the transaction account</p>
<p>Servicer replacement rating trigger</p>	<p><u>Loss of Baa1 (Moody's), BBB- (Fitch):</u> a back-up servicer needs to be appointed within 60 days</p>	<p><u>Loss of Baa3(cr) (Moody's), BBB- (Fitch):</u> within 60 days the Administrator, with the assistance of the Back-up Administrator Facilitator, enters into a back-up administration agreement</p> <p>Please note that this programme features the presence of a Back-up Administrator Facilitator</p>
	<p><u>Loss of Baa3 (Moody's), BBB- (Fitch):</u> the back-up servicer will take over servicing within 60 days</p>	
<p>Cash manager replacement rating trigger</p>	<p><u>Loss of Baa1 (Moody's), BBB- (Fitch):</u> appointment of a back-up cash manager within 30 days</p>	<p><u>Loss of Baa3(cr) (Moody's), BBB- (Fitch):</u> appointment of a back-up cash manager</p>
	<p><u>Loss of Baa3 (Moody's):</u> the back-up will take over cash management services within 20 days</p>	
<p>Interest Rate Swap Provider rating triggers</p>	<p><u>Loss of P-1 / A2 (Moody's), F1 / A (Fitch):</u> the swap provider needs to post collateral, or obtain a guarantee from a sufficiently rated counterparty or transfer its obligations to a replacement counterparty</p>	<p><u>Fixed / Tracker Swap</u></p>
	<p><u>Loss of P-2 / A3 (Moody's), F2 / BBB+ (Fitch):</u> the swap provider needs to transfer its obligations to a replacement counterparty or obtain a guarantee from a sufficiently rated counterparty</p>	<p><u>Loss of A3(cr) (Moody's), F1 / A (Fitch):</u> the swap provider needs to post collateral, or obtain a guarantee from a sufficiently rated counterparty or transfer its obligations to a replacement counterparty</p>
		<p><u>Loss of Baa1(cr) (Moody's), F3 / BBB- (Fitch):</u> the swap provider needs to transfer its obligations to a replacement counterparty or obtain a guarantee from a sufficiently rated counterparty</p>
		<p><u>SVR Swap</u></p> <p><u>Loss of Baa3(cr) (Moody's), BBB- (Fitch):</u> the swap provider needs to post collateral, or obtain a guarantee from a sufficiently</p>

rated counterparty or transfer its obligations to a replacement counterparty

Loss of Ba3(cr) (Moody's), BB-(Fitch): the swap provider needs to transfer its obligations to a replacement counterparty or obtain a guarantee from a sufficiently rated counterparty, or reduce the notional of the swap to zero

Covered Bond Swap Provider rating triggers

Loss of P-1 / A2 (Moody's), F1 / A (Fitch): the swap provider needs to post collateral, or obtain a guarantee from a sufficiently rated counterparty or transfer its obligations to a replacement counterparty

Loss of A3(cr) (Moody's), F1 / A (Fitch): the swap provider needs to post collateral, or obtain a guarantee from a sufficiently rated counterparty or transfer its obligations to a replacement counterparty

Loss of P-2 / A3 (Moody's), F2 / BBB+ (Fitch): the swap provider needs to transfer its obligations to a replacement counterparty or obtain a guarantee from a sufficiently rated counterparty

Loss of Baa1(cr) (Moody's), F3 / BBB- (Fitch): the swap provider needs to transfer its obligations to a replacement counterparty or obtain a guarantee from a sufficiently rated counterparty

Issuer Events of Default

- Non-payment of principal or interest within 7 days of the due date
- Non-compliance with other obligations that is not remedied within 30 days of notice from the Bond Trustee requiring such default to be remedied
- Insolvency-related events (including the Issuer being unable to pay its debts in full, proceedings being initiated against the Issuer for liquidation, the Issuer ceasing to carry on its business)
- Asset Coverage Test Breach that is not remedied on or before the third Calculation Date after service of Notice
- Non-payment of principal within 7 days of the due date and interest within 14 days of the due date
- Non-compliance with other obligations that is not remedied within 30 days of notice from the Bond Trustee certifying that the breach is materially prejudicial to the interests of the Covered Bondholders
- A winding-up event – a court making an order for winding-up; the Issuer's shareholders adopt a resolution for winding-up; following the appointment of an administrator the administrator gives notice it intends to declare and distribute a dividend.

LLP Events of Default

- | | |
|--|--|
| <ul style="list-style-type: none"> • Non-payment of the guaranteed amounts within 7 days of the due date • Non-compliance with other obligations that is not remedied within 30 days of notice from the Bond Trustee requiring such default to be remedied • Liquidation or winding up of the LLP • LLP ceases or threatens to cease to carry on its business • LLP is bankrupt or insolvent • Proceedings are initiated against the LLP • Failure to satisfy the Amortisation Test | <ul style="list-style-type: none"> • Asset Coverage Test Breach that is not remedied on or before the third Calculation Date after service of Notice • Non-payment of the guaranteed amounts within 7 days of the due date • Non-compliance with other obligations that is not remedied within 30 days of notice from the Bond Trustee certifying that the breach is materially prejudicial to the interests of Covered Bondholders • Liquidation or winding-up of the LLP • LLP ceases or threatens to cease to carry on its business • LLP is bankrupt or insolvent • Proceedings are initiated against the LLP • Failure to satisfy the Amortisation Test • The Covered Bond Guarantee is not in full force and effect |
|--|--|

Reserve Amount

Fund

Required

The reserve fund required amount is:

- Zero, if the issuer's ratings are at least P-1 (Moody's) and F1+ / A (Fitch), or
- If the issuer's ratings are below F1+ (Fitch), but at least F1 / A (Fitch) and P-1 (Moody's), one month of interest and senior

The reserve fund required amount is:

- Zero, if the issuer's ratings are at least P-1 (Moody's) and F1+ (Fitch)
- Otherwise, three months of covered bond swap payments; plus the aggregate amount of interest due in the next

expenses plus GBP
600,000

- Otherwise, three months of interest and senior expenses plus £600,000

three months on each series of covered bonds with no covered bond swap in place; plus one quarter of the anticipated annual senior expenses plus £600,000

Originators

Clydesdale or Yorkshire Bank Home Loans Limited

Landmark Mortgages Limited and Virgin Money plc and from the effective date of the transfer of the business of Virgin Money plc to Clydesdale Bank plc under the Part VII process, Clydesdale Bank plc or any other relevant entity within the Clydesdale group that originates mortgage loans.

Ability to amend the Covered Bonds without consent of the Covered Bondholders

If amendments are not materially prejudicial to Covered Bondholders, to correct a manifest error or are formal, minor or technical or for the purpose of implementing new rating criteria, such amendments may be made without the consent of covered bondholders.

Amendments can be made without covered bondholder consent for a number of reasons. These include the reasons included in the Legacy Clydesdale Covered Bond Programme together with (amongst others); the appointment of an additional Account Bank; the establishment of any additional or replacement swap collateral account bank, the addition of a rating agency; selling new mortgage loan types to the LLP, the accession of a Clydesdale entity; matters relating to EMIR; amendments required following the Part VII transfer of the assets and liabilities of Virgin Money plc to Clydesdale Bank plc.

Base rate modifications may be made following a negative consent procedure.

For any of these amendments to be effected the requirements set out in the applicable terms and conditions need to be satisfied.

Cover Pool Comparison

The cover pools of both programmes are similar, as the eligibility criteria are mostly aligned. Below we summarise selected features of both cover pools and the total outstanding covered bonds per programme.

Please refer to the investor reports for more details on the cover pools of both programmes, which can be found at this link: <https://www.virginmoneyukplc.com/investor-relations/debt-investors/global-covered-bonds/global-covered-bonds-programme>

	Clydesdale Covered Bonds No. 2 LLP (as of 30 June 2021)	Eagle Place Covered Bonds LLP (as of 30 June 2021)
Total Covered Bonds Outstanding	GBP 700mn	GBP 1.13bn ²
Total Cover Pool Balance	GBP 1.07bn	GBP 4.42bn
Number of loans	7,768	27,582
Average loan balance	GBP 137,270	GBP 160,187
WA indexed LTV	54.38%	50.39%
WA seasoning	51.31 months	50.46 months
WA remaining term	217.32 months	237.57 months
WA interest rate	2.57%	2.17%
Fixed rate loans	84.65%	96.33%
% BTL loans	12.97%	10.37%
% loans in arrears	0.49%	0.21%
% loans under payment holidays	0.17%	0.15%
Moody's Collateral Score	5.0%	5.0%

² Non-GBP series converted at swap FX rate