

## ADMISSION PARTICULARS DATED 4 OCTOBER 2024



### ATOM HOLDCO LIMITED

*(Incorporated in England under the Companies Act 2006)*

#### **£50,000,000 11.500 per cent. Fixed Rate Reset Callable Subordinated Notes due 2035**

**Issue Price: 100.000 per cent.**

The £50,000,000 11.500 per cent. Fixed Rate Reset Callable Subordinated Notes due 2035 (the “Notes”) will be issued by Atom Holdco Limited (the “Issuer”) on 8 October 2024 (the “Issue Date”).

The Notes will bear interest on their principal amount from (and including) the Issue Date to (but excluding) 8 January 2030 (the “Reset Date”), at a rate of 11.500 per cent. per annum and thereafter at the Reset Rate of Interest as provided in Condition 5. Interest will be payable on the Notes semi-annually in arrear on each Interest Payment Date, commencing on 8 January 2025. The first payment of interest, to be made on 8 January 2025, will be in respect of the period from (and including) the Issue Date to (but excluding) 8 January 2025, representing a short first interest period.

The Notes will be issued on the Terms and Conditions set out under “Terms and Conditions of the Notes” (the “Conditions”, and references to a numbered “Condition” should be read accordingly). Defined terms used herein and not otherwise defined have the meaning given to them in the Conditions.

Unless previously redeemed or purchased and cancelled or substituted in accordance with the Conditions, the Notes will mature on 8 January 2035. Noteholders will have no right to require the Issuer to redeem or purchase the Notes at any time. The Issuer may, in its discretion but subject to the conditions described in Condition 6(b), elect to (a) redeem all (but not some only) of the Notes at their principal amount, together with unpaid interest accrued to (but excluding) the redemption date: (i) at any time from and including 8 October 2029 to and including the Reset Date, (ii) at any time if a Tax Event has occurred or a Capital Disqualification Event (each as defined in Condition 19) has occurred, or (iii) at any time where 85 per cent. or more of the aggregate principal amount of the Notes originally issued (and for these purposes, any Further Notes issued pursuant to Condition 15) has been purchased by the Issuer or by others for the Issuer’s account and cancelled, or (b) repurchase the Notes at any time. If a Tax Event or a Capital Disqualification Event has occurred, then the Issuer may, subject to the conditions described in Condition 6(b), either substitute all (but not some only) of the Notes for, or vary the terms of the Notes so they remain or, as appropriate, become, Qualifying Tier 2 Securities.

The Notes will be direct, unsecured, unguaranteed and subordinated obligations of the Issuer, ranking *pari passu* and without preference amongst themselves and will, in the event of a Winding-Up (as defined in Condition 19), be subordinated to the claims of all Senior Creditors (as defined in Condition 19) of the Issuer but shall rank (i) at least *pari passu* with the claims of holders of all other subordinated obligations of the Issuer which constitute, or would but for any applicable limitation on the amount of such capital constitute, Tier 2 Capital of the Issuer and (ii) in priority to the claims of holders of all obligations of the Issuer which constitute, or would but for any applicable limitation on the amount of such capital constitute, Tier 1 Capital of the Issuer and all obligations which rank, or are expressed to rank, *pari passu* therewith and to the claims of holders of all classes of share capital of the Issuer.

The Issuer has undertaken to re-register as a public company by 1 April 2025.

**The Notes are not intended to be offered, sold or otherwise made available and should not be offered, sold or otherwise made available to retail clients in the European Economic Area (“EEA”) or in the United Kingdom (the “UK”). Prospective investors are referred to the sections headed “Prohibition of Sales to EEA Retail Investors” and “Prohibition of Sales to UK Retail Investors” on page 79 of these Admission Particulars for further information. An investment in the Notes involves certain risks. Potential investors should read the whole of this document, in particular the section entitled “Risk Factors” set out on pages 8 – 42.**

Application has been made to the London Stock Exchange plc (the “London Stock Exchange”) for the Notes to be admitted to the London Stock Exchange’s International Securities Market (“ISM”). References in these Admission Particulars to the Notes being “admitted to trading” (and all related references) shall mean that such Notes have been admitted to trading on the ISM. The ISM is not a UK regulated market for the purposes of Article 2(1)(13A) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (“EUWA”) (“UK MiFIR”). These Admission Particulars do not constitute a prospectus for the purposes of Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the EUWA (the “UK Prospectus Regulation”) and, in accordance with the UK Prospectus Regulation, no prospectus is required in connection with the issuance of the Notes.

**The ISM is a market designated for professional investors. Notes admitted to trading on the ISM are not admitted to the Official List of the Financial Conduct Authority (the “FCA”). The London Stock Exchange has not approved or verified the contents of these Admission Particulars.**

The Notes will be issued in registered form and will be available and transferable in minimum denominations of £100,000 and integral multiples of £1,000 in excess thereof. The Notes will initially be represented by a global certificate in registered form (the “Global Certificate”) which will be registered in the name of a nominee of a common depository for Euroclear Bank SA/NV (“Euroclear”) and Clearstream Banking S.A. (“Clearstream, Luxembourg” and, together with Euroclear, the “Clearing Systems”).

The Notes will not be rated on issue.

**Sole Manager**  
**NatWest Markets**

## IMPORTANT NOTICES

The Issuer accepts responsibility for the information contained in these Admission Particulars and, having taken all reasonable care to ensure that such is the case, the information contained in these Admission Particulars is, to the best knowledge of the Issuer, in accordance with the facts and contains no omission likely to affect the import of such information.

These Admission Particulars are to be read in conjunction with all the documents which are incorporated herein by reference (see *“Information Incorporated by Reference”*). These Admission Particulars shall be read and construed on the basis that such documents are so incorporated and form part of these Admission Particulars.

To the fullest extent permitted by law, none of NatWest Markets Plc (the **“Sole Manager”**), the Principal Paying Agent, the Transfer Agent, the Registrar and the Agent Bank (together the **“Agents”** and each an **“Agent”**) and Citibank, N.A., London Branch (the **“Trustee”**) or any of their respective affiliates accept any responsibility whatsoever for the contents of these Admission Particulars or for any other statement made or purported to be made by the Sole Manager, the Trustee or an Agent or on its behalf in connection with the Issuer or the issue and offering of the Notes. The Sole Manager, the Trustee and each Agent (and each of their respective affiliates) accordingly disclaims all and any liability whether arising in tort or contract or otherwise (save as referred to above) which it might otherwise have in respect of these Admission Particulars or any such statement.

Neither the Sole Manager, the Trustee, the Agents nor any of their respective affiliates have authorised the whole or any part of these Admission Particulars and none of them makes any representation or warranty or accepts any responsibility as to the accuracy or completeness of the information contained in these Admission Particulars or any responsibility for any acts or omissions of the Issuer or any other person (other than the Sole Manager, the Trustee or the relevant Agent itself) in connection with issue of the Notes.

These Admission Particulars do not constitute an offer of, or an invitation by or on behalf of the Issuer or the Sole Manager (or any of their respective affiliates) to subscribe or purchase, any of the Notes. The distribution of these Admission Particulars and the offering of the Notes in certain jurisdictions may be restricted by law. Persons into whose possession these Admission Particulars come are required by the Issuer and the Sole Manager to inform themselves about and to observe any such restrictions.

No person is authorised to give any information or to make any representation not contained in these Admission Particulars and any information or representation not so contained must not be relied upon as having been authorised by or on behalf of the Issuer, the Sole Manager, the Trustee or the Agents. Neither the delivery of these Admission Particulars nor any sale made in connection herewith shall, under any circumstances, create any implication that there has been no change in the affairs of the Issuer since the date hereof or the date upon which these Admission Particulars have been most recently amended or supplemented or that there has been no adverse change in the financial position of the Issuer since the date hereof or the date upon which these Admission Particulars have been most recently amended or supplemented or that the information contained in them or any other information supplied in connection with the Notes is correct as of any time subsequent to the date on which it is supplied or, if different, the date indicated in the document containing the same.

Neither these Admission Particulars nor any financial statements nor any further information supplied pursuant to the terms of the Notes is intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation, or constituting an invitation or offer, by or on behalf of either the Issuer, the Sole Manager, the Trustee or the Agents, that any recipient of these Admission Particulars or any financial statements or any further information supplied pursuant to the terms of the Notes should subscribe for or purchase any of the Notes. Each investor contemplating purchasing Notes should make its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness, of the Issuer.

An investment in the Notes is not equivalent to an investment in a bank deposit. Although an investment in the Notes may give rise to higher yields than a bank deposit placed with a member of the Group, an investment in the Notes carries risks which are very different from the risk profile of such deposit. Unlike a bank deposit, the Notes are transferrable. However, the Notes will have no established trading market when issued, and one may never develop.

**PROHIBITION OF SALES TO EEA RETAIL INVESTORS** – The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the EEA. For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of the Markets in Financial Instruments Directive 2014/65/EU (as amended) (“**MiFID II**”); or (ii) a customer within the meaning of Directive (EU) 2016/97 (the “**Insurance Distribution Directive**”), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II.

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

**PROHIBITION OF SALES TO UK RETAIL INVESTORS** – The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the UK. For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the EUWA; or (ii) a customer within the meaning of the provisions of the Financial Services and Markets Act 2000 (the “**FSMA**”) and any rules or regulations made under the FSMA to implement the Insurance Distribution Directive, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of UK MiFIR.

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

**UK MiFIR PRODUCT GOVERNANCE / Professional investors and ECPs only target market** – Solely for the purposes of the manufacturer’s product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is only eligible counterparties, as defined in the FCA Handbook Conduct of Business Sourcebook, and professional clients, as defined in the UK MiFIR; and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Notes (a “**distributor**”) should take into consideration the manufacturer’s target market assessment; however, a distributor subject to the FCA Handbook Product Intervention and Product Governance Sourcebook (the “**UK MiFIR Product Governance Rules**”) is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturer’s target market assessment) and determining appropriate distribution channels.

### **The Notes may not be suitable for all investors**

Each potential investor in the Notes must determine the suitability of the investment in light of its own circumstances. In particular, each potential investor may wish to consider, either on its own or with the help of its financial and other professional advisers, whether it:

- (i) has sufficient knowledge and experience to make a meaningful evaluation of the Notes, the merits and risks of investing in the Notes and the information contained or incorporated by reference in these Admission Particulars;
- (ii) has access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Notes and the impact the Notes will have on its overall investment portfolio;
- (iii) has sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes, including Notes where the currency for principal or interest payments is different from the potential investor's currency;
- (iv) understands thoroughly the terms of the Notes, and is familiar with the behaviour of any relevant indices and financial markets and with the resolution regime applicable to the Issuer and the Group, including the possibility that the Notes may become subject to write-down or conversion if the resolution powers are exercised;
- (v) is able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks; and
- (vi) understands the accounting, legal, regulatory and tax implications of a purchase, holding and disposal of an interest in the relevant Notes.

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

The Notes have not been, and will not be, registered under the United States Securities Act 1933, as amended (the “**Securities Act**”). The Notes are being offered outside the United States (within the meaning of Regulation S under the Securities Act (“**Regulation S**”)) in accordance with Regulation S, and may not be offered or sold or delivered within the United States or to, or for the account or benefit of, U.S. persons except pursuant to an exemption from the registration requirements of the Securities Act.

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

## GENERAL

Unless otherwise specified or the context requires, references to “**sterling**”, “**GBP**” and “**£**” are to pounds sterling and references to “**€**” or “**euro**” are to the currency introduced at the start of the third stage of European

economic and monetary union pursuant to the Treaty on the Functioning of the European Union, as amended. Unless otherwise indicated, all monetary amounts in these Admission Particulars are expressed in pounds sterling which is the functional currency of the Issuer and all of its subsidiaries.

Unless otherwise specified or the context requires, references to “**Group**” shall mean the Issuer and its consolidated subsidiaries.

## **NON-IAS UK FINANCIAL MEASURES**

The Issuer presents certain key performance measures that are not defined under UK adopted international accounting standards (“**IAS UK**”) but that it finds useful in analysing its results and that it believes are widely used by investors to monitor the results of banks generally. These measures include the capital ratios set out in the tables under “*Atom Holdco Limited – Capital*”. Some of these measures are defined by, and calculated in compliance with, applicable banking regulations, but these regulations often provide the Issuer with certain discretion in making its calculations.

Because of the discretion that the Issuer and other banks or building societies have in defining these measures and calculating the reported amounts, care should be taken in comparing these various measures with similar measures used by other banking groups. These measures should not be used as a substitute for evaluating the performance of the Issuer based on its audited balance sheet and results of operations.

## **ROUNDING**

Certain numerical data, financial information and market data in these Admission Particulars have been rounded in accordance with commercial rounding. Unless otherwise indicated, percentage changes and ratios in the text and tables of these Admission Particulars are calculated based on the underlying numbers as presented in these Admission Particulars, i.e., after rounding of such underlying numbers, and then commercially rounded to a whole percentage or to one digit after the decimal point. In some instances, such rounded figures and percentages may not add up to 100 per cent. or to the totals or subtotals contained in these Admission Particulars. Furthermore, totals and subtotals in tables may differ slightly from unrounded figures contained in these Admission Particulars due to rounding in accordance with commercial rounding. A dash (“—”) signifies that the relevant figure is not available or equal to zero, while a zero (“0”) or nil signifies that the relevant figure has been rounded to zero.

## **MARKET AND INDUSTRY DATA**

Unless the source is otherwise stated, the market and industry data in these Admission Particulars constitute the Issuer’s estimates, using underlying data from independent third parties. Such data includes market research, consultant surveys, publicly available information, reports of governmental agencies and industry publications and surveys.

The Issuer confirms that all third-party data contained in these Admission Particulars has been accurately reproduced and, so far as the Issuer is aware and able to ascertain from information published by that third party, no facts have been omitted that would render the reproduced information inaccurate or misleading.

Where third-party information has been used in these Admission Particulars, the source of such information has been identified. While industry surveys, publications, consultant surveys and forecasts generally state that the information contained therein has been obtained from sources believed to be reliable, the accuracy and completeness of such information is not guaranteed. The Issuer has not independently verified any of the data obtained from third-party sources (whether identified in these Admission Particulars by source or used as a basis for the Issuer’s beliefs and estimates), or any of the assumptions underlying such data.

## **NO INCORPORATION OF WEBSITE INFORMATION**

The information contained on the Issuer's website, any website mentioned in these Admission Particulars, or any website directly or indirectly linked to any such websites has not been verified and does not form part of these Admission Particulars, and investors should not rely on such information.

## **FORWARD-LOOKING STATEMENTS**

These Admission Particulars include statements that are, or may be deemed to be, "forward-looking statements". These forward-looking statements may be identified by the use of forward-looking terminology, including the terms "believes", "estimates", "plans", "projects", "anticipates", "expects", "intends", "may", "will" or "should" or, in each case, their negative or other variations or comparable terminology, or by discussions of strategy, plans, objectives, goals, future events or intentions. These forward-looking statements include all matters that are not historical facts. They appear in a number of places throughout these Admission Particulars and include, but are not limited to, statements regarding the intentions of the Issuer and beliefs or current expectations concerning, among other things, the business, results of operations, financial position and/or prospects of the Issuer.

By their nature, forward-looking statements involve risk and uncertainty because they relate to future events and circumstances. Forward-looking statements are not guarantees of future performance and the financial position and results of operations of the Group, and the development of the markets and the industries in which members of the Group operate, may differ materially from those described in, or suggested by, the forward-looking statements contained in these Admission Particulars. In addition, even if the Group's results of operations and financial position, and the development of the markets and the industries in which the Group operates, are consistent with the forward-looking statements contained in these Admission Particulars, those results or developments may not be indicative of results or developments in subsequent periods. A number of risks, uncertainties and other factors could cause results and developments to differ materially from those expressed or implied by the forward-looking statements. See "*Risk Factors*" below.

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## INFORMATION INCORPORATED BY REFERENCE

These Admission Particulars should be read and construed in conjunction with the following documents:

- (i) the audited consolidated financial statements of the Issuer for the financial year ended 31 March 2024, together with the independent auditor's report thereon, as set out on pages 53 to 128 (inclusive) and 135 to 144 (inclusive), respectively, of the Issuer's annual report and financial statements for the year ended 31 March 2024 (the "**2024 Financial Statements**");
- (ii) the audited consolidated financial statements of the Issuer for the financial year ended 31 March 2023, together with the independent auditor's report thereon, as set out on pages 48 to 139 (inclusive) and 150 to 158 (inclusive), respectively, of the Issuer's annual report and financial statements for the year ended 31 March 2023 (the "**2023 Financial Statements**"); and
- (iii) the Issuer's Pillar 3 disclosures (unaudited) for the financial year ended 31 March 2024, (together, the "**Information Incorporated by Reference**").

The Information Incorporated by Reference has been previously published or is published simultaneously with these Admission Particulars. Such information in those documents shall be incorporated in, and form part of, these Admission Particulars, save that any statement contained in any information which is incorporated by reference herein shall be modified or superseded for the purpose of these Admission Particulars to the extent that a statement contained herein modifies or supersedes such earlier statement (whether expressly, by implication or otherwise). Any statement so modified or superseded shall not, except as so modified or superseded, constitute a part of these Admission Particulars.

Those parts of the documents incorporated by reference in these Admission Particulars which are not specifically incorporated by reference in these Admission Particulars are either not relevant for prospective investors in the Notes or the relevant information is included elsewhere in these Admission Particulars. Any documents themselves incorporated by reference in the information incorporated by reference in these Admission Particulars shall not form part of these Admission Particulars.

Other than the Information Incorporated by Reference, none of the contents of the Issuer's website, any websites referred to in these Admission Particulars, nor any website directly or indirectly linked to these websites form part of these Admission Particulars.

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

Copies of the Information Incorporated by Reference may be obtained (without charge) from the Issuer's website at <https://www.atombank.co.uk/investor-information>.



## OVERVIEW OF THE PRINCIPAL FEATURES OF THE NOTES

*The following overview provides an overview of certain of the principal features of the Notes and is qualified by the more detailed information contained elsewhere in these Admission Particulars. Capitalised terms which are defined in the Terms and Conditions of the Notes (the “**Conditions**”, and references to a numbered “**Condition**” should be read accordingly) have the same respective meanings when used in this overview.*

<b>Issuer</b>	Atom Holdco Limited
<b>Issuer Legal Entity Identifier</b>	2138004P8JTY3CACDA84
<b>Trustee</b>	Citibank, N.A., London Branch
<b>Principal Paying Agent, Registrar, Transfer Agent and Agent Bank</b>	Citibank, N.A., London Branch
<b>Notes</b>	£50,000,000 11.500 per cent. Fixed Rate Reset Callable Subordinated Notes due 2035.
<b>Risk factors</b>	There are certain factors that may affect the Issuer’s ability to fulfil its obligations under the Notes and the Trust Deed. In addition, there are certain factors which are material for the purpose of assessing the market risks associated with the Notes and certain risks relating to the structure of the Notes. These are set out under “ <i>Risk Factors</i> ”.
<b>Status of the Notes</b>	The Notes will constitute direct, unsecured, unguaranteed and subordinated obligations of the Issuer and will rank <i>pari passu</i> , without any preference, among themselves.
<b>Rights on a Winding-Up</b>	The rights and claims of Noteholders in the event of a Winding-Up are described in Conditions 4 and 8.
<b>Interest</b>	<p>The Notes will bear interest on their principal amount:</p> <p>(a) from (and including) the Issue Date to (but excluding) the Reset Date, at the rate of 11.500 per cent. per annum; and</p> <p>(b) thereafter, at the Reset Rate of Interest (as described in Condition 5(d)),</p> <p>in each case payable, semi-annually in arrear on 8 January and 8 July in each year (each, an “<b>Interest Payment Date</b>”), commencing 8 January 2025. The first payment of interest, to be made on 8 January 2025, will be in respect of the period from (and including) the Issue Date to (but excluding) 8 January 2025, representing a short first interest period.</p>
<b>Maturity</b>	Unless previously redeemed or purchased and cancelled or substituted, the Notes will mature on 8 January 2035. The Notes may only be redeemed or repurchased by the Issuer in the circumstances described below (as more fully described in Condition 6).
<b>Optional redemption</b>	The Issuer may, in its sole discretion but subject to the conditions set out under “ <i>Conditions to redemption, substitution, variation and purchase</i> ” below, redeem all (but not some only) of the Notes from and including 8 October 2029 to and including 8

	January 2030 (the “ <b>Reset Date</b> ”) at their principal amount together with any unpaid interest accrued up to but excluding the date fixed for redemption.
<b>Redemption following a Capital Disqualification Event or a Tax Event</b>	The Issuer may, in its sole discretion but subject to the conditions set out under “ <i>Conditions to redemption, substitution, variation and purchase</i> ” below, redeem all (but not some only) of the Notes at any time following the occurrence of a Capital Disqualification Event or a Tax Event, in each case at their principal amount together with unpaid interest accrued to but excluding the relevant redemption date, subject to, in the case of a redemption occurring prior to the fifth anniversary of the Reference Date, and if and to the extent then required under prevailing Regulatory Capital Requirements, the Issuer demonstrating to the satisfaction of the Relevant Authority that (i) in the case of a Tax Event, the applicable change in tax treatment is material and was not reasonably foreseeable as at the Reference Date or (ii) in the case of a Capital Disqualification Event, the relevant change in regulatory classification was not reasonably foreseeable as at the Reference Date.
<b>Clean-up redemption option</b>	The Issuer may, in its sole discretion but subject to the conditions set out under “ <i>Conditions to redemption, substitution, variation and purchase</i> ” below, redeem all (but not some only) of the Notes at their principal amount together with unpaid interest accrued to but excluding the relevant redemption date if, at any time after the Issue Date, 85 per cent. or more of the aggregate principal amount of the Notes originally issued (and for these purposes, any Further Notes issued pursuant to Condition 15) has been purchased by the Issuer or by others for the Issuer’s account and cancelled.
<b>Substitution or Variation following a Capital Disqualification Event or a Tax Event</b>	The Issuer may, subject to the conditions set out under “ <i>Conditions to redemption substitution, variation and purchase</i> ” below and upon notice to Noteholders, at any time elect to substitute all (and not some only) of the Notes for, or vary the terms of the Notes so that they remain or become (as applicable), Qualifying Tier 2 Securities if, prior to the giving of the relevant notice to Noteholders, a Tax Event or Capital Disqualification Event has occurred.
<b>Conditions to redemption, substitution, variation and purchase</b>	Any redemption or purchase of the Notes prior to their maturity or any substitution or variation of the Notes will be subject to the condition(s) that: <ul style="list-style-type: none"> <li>(i) the Issuer has obtained prior Supervisory Permission therefor and such Supervisory Permission has not been revoked by the relevant date of such redemption, purchase, substitution or variation;</li> <li>(ii) in the case of any redemption or purchase of any Notes (other than any purchase prior to the fifth anniversary of the</li> </ul>

Reference Date pursuant to Condition 6(g) or a redemption pursuant to Condition 6(c)(ii)), if and to the extent then required under prevailing Regulatory Capital Requirements, either: (A) the Issuer has (or will on or before the relevant redemption or purchase date, have) replaced the Notes with own funds instruments of equal or higher quality at terms that are sustainable for the income capacity of the Issuer; or (B) the Issuer has demonstrated to the satisfaction of the Relevant Authority that the own funds and, as applicable, eligible liabilities of the Issuer Group would, following such redemption or purchase, exceed its minimum applicable capital and eligible liabilities requirements (including any applicable buffer requirements) by a margin (calculated in accordance with prevailing Regulatory Capital Requirements) that the Relevant Authority considers necessary at such time;

- (iii) in the case of any redemption of the Notes prior to the fifth anniversary of the Reference Date, if and to the extent then required under prevailing Regulatory Capital Requirements in the case of redemption upon a Tax Event, the Issuer has demonstrated to the satisfaction of the Relevant Authority that the applicable change in tax treatment is material and was not reasonably foreseeable as at the Reference Date;
- (iv) in the case of any redemption of the Notes prior to the fifth anniversary of the Reference Date upon the occurrence of a Capital Disqualification Event, the Issuer has demonstrated to the satisfaction of the Relevant Authority that the relevant change in the regulatory classification of the Notes was not reasonably foreseeable as at the Reference Date; and
- (v) in the case of any purchase or redemption of the Notes prior to the fifth anniversary of the Reference Date pursuant to Condition 6(g) or 6(c)(ii) respectively, either (A) the Issuer has, before or at the same time as such purchase or redemption, replaced the Notes with own funds instruments of equal or higher quality at terms that are sustainable for the income capacity of the Issuer, and the Relevant Authority has permitted such action on the basis of the determination that it would be beneficial from a prudential point of view and justified by exceptional circumstances or (B) in the case of a purchase pursuant to Condition 6(g), the relevant Notes are being purchased for market-making purposes in accordance with applicable Regulatory Capital Requirements.

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

Notwithstanding the above conditions, if, at the time of such redemption, substitution, variation or purchase, the prevailing Regulatory Capital Requirements permit the redemption, substitution, variation or purchase of the Notes only after compliance with one or more alternative or additional pre-condition(s) to those set out in paragraphs (i) and (v) above, the Issuer shall comply with such other and/or, as appropriate, additional pre-condition(s).

#### **Purchase of the Notes**

The Issuer may, at its option but subject to the conditions set out under “*Conditions to redemption, substitution, variation and purchase*” above, purchase (or otherwise acquire) any of the outstanding Notes in any manner and at any price. All Notes purchased by or on behalf of the Issuer may, at the option of the Issuer and subject to obtaining any Supervisory Permission therefor, be held, reissued, resold or, at the option of the Issuer, cancelled.

#### **Withholding tax and Additional Amounts**

All payments by or on behalf of the Issuer in respect of the Notes shall be made free and clear of, and without withholding or deduction for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by the Relevant Jurisdiction, unless the withholding or deduction is required by law. In that event, in respect of payments of interest (but not principal or any other amount), the Issuer will (subject to certain customary exceptions, as described in Condition 9) pay such Additional Amounts as may be necessary in order that the net amounts received by the Noteholders in respect of those payments of interest after the withholding or deduction shall equal the amounts which would have been received by them in respect of payments of interest on the Notes had no such withholding or deduction been required.

In no event will the Issuer be required to pay any Additional Amounts in respect of the Notes for, or on account of, any FATCA Withholding (as defined in Condition 9).

#### **Enforcement**

If the Issuer shall not make payment in respect of the Notes (in the case of payment of principal) for a period of seven days or more or (in the case of any interest payment or any other amount (other than principal) in respect of the Notes) for a period of 14 days or more, in each case, after the date on which such payment is due, the Issuer shall be deemed to be in default under the Trust Deed and the Notes and the Trustee in its discretion may institute proceedings for a winding-up of the Issuer. The Trustee may prove and/or claim in a Winding-Up (whether or not instituted by the Trustee), such claim being contemplated in Condition 4(a).

The Trustee may, at its discretion and without notice, institute such steps, actions or proceedings against the Issuer as it may

think fit to enforce any term or condition binding on the Issuer under the Trust Deed (other than any payment obligation, including any damages, but excluding any payments made to the Trustee acting on its own account under the Trust Deed in respect of its costs (including legal fees), charges, expenses, liabilities or remuneration) and in no event shall the Issuer, by virtue of the institution of any such steps, actions or proceedings, be obliged to pay any sum or sums, in cash or otherwise, sooner than the same would otherwise have been due and payable by it pursuant to the Conditions or the Trust Deed. No Noteholder shall be entitled to proceed directly against the Issuer or to institute proceedings for the winding-up of the Issuer or prove or claim in any Winding-Up unless the Trustee, having become bound so to do, fails or is unable to do so within a period of 60 days and such failure or inability shall be continuing.

See Condition 8 for further information.

**Modification**

The Trust Deed will contain provisions for convening meetings of Noteholders (including in a physical place or by any electronic platform (such as conference call or video conference (or a combination of such methods)) to consider any matter affecting their interests, pursuant to which defined majorities of the Noteholders may consent to the modification or abrogation of any of the Conditions or any of the provisions of the Trust Deed, and any such modification or abrogation shall be binding on all Noteholders.

**Substitution of the Issuer**

The Trust Deed contains provisions permitting the Trustee, subject to the Issuer having obtained any requisite Supervisory Permission therefor from the Relevant Authority, to agree, without the consent of the Holders, subject to the Trustee being satisfied that the interests of the Holders will not be materially prejudiced thereby to the substitution on a subordinated basis equivalent to that referred to in Conditions 3 and 4 of any successor in business of the Issuer (any such entity, a “**Substitute Obligor**”) in place of the Issuer (or any previous Substitute Obligor) as a new principal debtor under the Trust Deed and the Notes.

**Form**

The Notes will be issued in registered form. The Notes will initially be represented by a Global Certificate and will be registered in the name of a nominee of a common depositary for the Clearing Systems.

**Denomination**

£100,000 and integral multiples of £1,000 in excess thereof.

**Clearing systems**

Euroclear and Clearstream, Luxembourg.

**Rating**

The Notes will not be rated.

**Listing**

Application has been made to the London Stock Exchange for the Notes to be admitted to trading on the London Stock

	Exchange's International Securities Market with effect from the Issue Date.
<b>Governing law</b>	The Notes and the Trust Deed, and any non-contractual obligations arising out of or in connection with the Notes or the Trust Deed, will be governed by, and construed in accordance with, English law.
<b>ISIN</b>	XS2896887499
<b>Common Code</b>	289688749

## RISK FACTORS

*The Issuer believes that the following factors may affect its ability to fulfil its obligations under the Notes. All of these factors are contingencies which may or may not occur. The Issuer believes that the factors described below or otherwise incorporated by reference herein represent the principal risks inherent in investing in the Notes, but the Issuer may be unable to pay interest, principal or other amounts on or in connection with any Notes for other reasons and the Issuer does not represent that the statements below regarding the risks of holding any Notes are exhaustive.*

*Factors which the Issuer believes may be material for the purpose of assessing the market risks associated with the Notes are also described below. Any of these factors, individually or in the aggregate, could have an adverse effect on the Issuer's business, results of operations, financial condition and/or prospects. In addition, many of these factors are correlated and may require changes to the Issuer's capital requirements, and events described therein could therefore have a compounding adverse effect on the Issuer.*

*Prospective investors should also read the detailed information set out elsewhere in these Admission Particulars and reach their own views prior to making any investment decision.*

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

### FACTORS THAT MAY AFFECT THE ISSUER'S ABILITY TO FULFIL ITS OBLIGATIONS UNDER THE NOTES

#### Business and Strategic Risks

*The risk that the Group fails to execute its business strategy as a result of poor decision taking, substandard execution of decisions, inadequate resource allocation or from a failure to effectively respond to changes in the business/market environment.*

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

The market for financial services in the UK is highly competitive. The financial services markets in which the Group operates are mature, such that growth by any bank typically requires winning market share from competitors.

The Group faces competition from longer established providers of financial services, including banks and building societies, some of which have substantially greater scale and financial resources, broader product offerings and more extensive distribution networks than the Group. In addition, while the Group utilises the "standardised" approach for assessing credit risk, which can overestimate credit risk of lending portfolios, leading to higher risk-weighted assets, some competitors utilise the internal ratings-based approach, which allows them to hold less capital against their lending than the "standardised" approach, thus enabling reduced prices to be offered to customers.

The Group also faces potential competition from other new banks in the UK and from new entrants into the UK banking sector.

As technology evolves and customer needs and preferences change, there is an increased risk of disruptive innovation or a failure by the Group to introduce new products and services to keep pace with industry developments and meet customer expectations. The Group is also subject to the risk of not appropriately responding to innovation in financial technologies. The Group's financial and operational performance may be materially adversely affected by an inability to keep pace with industry trends and customer expectations. The occurrence of any of the above situations and/or any failure to manage the competitive dynamics to which the

Group is exposed could have a material adverse effect on its business, financial condition, results of operations and/or prospects.

***The Group is subject to risks arising from macro-economic conditions in the UK or globally***

The Group's business is subject to inherent risks arising from macro-economic conditions in the UK and/or globally. As the Group's customer base is wholly based in the UK, it will be significantly exposed to the condition of the UK economy. Macro-economic developments may have impacts on personal and business customers (including vulnerable customers). In particular, demand for retail and business loans and the affordability of repayments are heavily dependent on consumer confidence, the UK property and mortgage market, unemployment levels, inflation, market interest rates and the broader state of the UK economy.

The Bank of England (the "BoE"), in common with other central banks, has increased interest rates from historic lows, to levels closer to historical norms in order to manage inflation back to target levels. Market participants, who may take on or have taken on more risk than they expected in a "search for yield", may have been exposed to an earlier or more rapid than expected tightening in monetary policy.

Furthermore, a higher interest rate environment could also reduce demand for mortgages and other loans generally, as individuals and business may be less likely or less able to borrow when interest rates are high, thereby reducing the Group's revenue.

The UK economy can be influenced by global economic conditions or circumstances. Ongoing conflicts in Ukraine and the Middle East could affect the future performance of the UK economy and subsequently the banking industry and may have a material impact on the business performance of the Group. The extent to which any individual event or a combination of these events will have an impact on the performance of the economy will evolve over the medium term.

Furthermore, volatility in credit, currency and equity markets globally may result in uncertainty that could affect all banks, including the Group, and may lead to the following (amongst other factors):

- (a) increased cost of funding and/or reduced availability of funding;
- (b) deterioration in the value and liquidity of assets (including collateral);
- (c) inability to price or difficulty in pricing certain assets;
- (d) higher provisions for bad and doubtful debts;
- (e) an increased likelihood of customer and counterparty default and credit losses;
- (f) mark-to-market losses in the value of assets and liabilities;
- (g) economic exposures from hedging activities; and/or
- (h) lower growth, business revenues and earnings.

Any adverse effect on UK and/or global macro-economic conditions risks could have a material adverse effect on the Group's business, financial condition, results of operations and/or prospects and could affect the Issuer's ability to fulfil its obligations under the Notes.

***The Group is exposed to the risk of failing to manage change and transformation programmes effectively within the business***

The Group is exposed to risks relating to changes that take place throughout the business, including, without limitation, technology and systems, people and process. A failure to ensure successful delivery of projects, programmes and portfolios of change, varying from transformational delivery to business as usual adjustments



and improvements, could have a material adverse effect on its business, customers, financial condition, results of operations and/or prospects.

***The Group may fail to retain and/or attract key members of staff***

The Group's success depends upon the performance of key employees including executives and senior managers. If the Group is unable to attract, retain or develop high calibre and diverse talent, the Group may be unable to implement and deliver a successful strategy.

The Group may fail to attract, retain or develop high calibre and diverse talent for various reasons including individuals failing to identify with and support the strategy and brand of the Group, any event occurring which causes significant reputational damage to, or which has a material adverse impact on the financial condition of, the Group and/or any changes in the ownership of the Issuer. The ability of the Group to attract and retain talent may also be affected by issues impacting the financial services industry more widely. When compared to larger institutions, the Group may be unable to offer individuals the same opportunities to develop and advance. Negative media attention towards the sector may also impact the ability of the Group to attract and retain individuals, particularly at senior level.

Any of these factors could materially adversely impact the business, operations and growth of the Group.

**Credit Risk**

*The current or prospective risk that a customer of the Group defaults on their contractual obligations to the Group or fails to perform their obligations in a timely manner.*

***The Group faces risks relating to the impacts of inflation and cost of living pressures***

The Group's customer base is wholly based in the UK. Recently, the UK has seen weaker economic growth, along with inflationary pressure and increases in the BoE's interest rate compared with previous historic lows. Continued higher interest rates, coupled with headwinds from high inflation, increase cost of living pressures which have the potential to materially impact the credit performance of a number of UK households, including those that are customers of the Group.

These factors have the potential to impact the short and medium-term credit performance of the Group, along with an increased probability of risk to the Group's customers and their ability to repay their debts. A sustained cost of living challenge for the Group's customers could impact the Group's strategy (including growth aspirations) and have a negative impact on the Group's profitability, capital, funding and liquidity requirements.

Although the Group works to support customers with increases in the cost of living, additional capital may be required by the Group to absorb the heightened levels of credit risk and any increase in impairment levels over time as a result of the current cost of living crisis, which could have a material adverse impact on the Group's business and financial condition.

***The Group is subject to credit risk associated with higher interest rate levels***

Interest rates impact the Group's impairment levels, particularly because they affect customer affordability of mortgages, as well as the ability of individuals and businesses to borrow and service loans. The rise in interest rates through 2022 and 2023 have, so far, had a muted impact on the employment market (and thus customer earnings) or arrears in the Group's mortgage portfolio. However, the nature of the UK's mortgage market being predominately formed of 2-year to 5-year fixed products means a proportion of customers are still on lower rates.

If the higher interest rate environment persists then this could, for example, lead to an increase in default rates among customers refinancing to higher fixed rates or those with variable rate mortgages who can no longer afford their repayments, in turn leading to increased impairment charges and lower profitability for the Group.

The Group's Business Banking Secured Lending portfolio has a considerable portion of BoE base rate linked lending. In a similar way to mortgage customers, a higher rate of interest payable by business customers could lead to reduced affordability and an increase in default rates. A higher interest rate environment could also reduce demand for mortgages and other loans generally, as individuals and business may be less likely or less able to borrow when interest rates are high, thereby reducing the Group's revenue.

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

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

Less favourable business or economic conditions, whether generally or in a specific industry sector or geographic region, could cause customers (especially those concentrated in areas experiencing less favourable business or economic conditions) to experience an adverse financial situation. This exposes the Group to the increased risk that those customers will fail to meet their obligations in accordance with agreed terms. A deterioration in the economic conditions in the UK could have an adverse impact on the Group's financial performance and position. Other factors that could have an adverse impact include financial market dislocation, which could lead to falling confidence, increasing refinancing risk and contagion risk amongst market participants, counterparties and customers.

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

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

All of the Group's retail and commercial business relates to customers in the UK. In the event of a disruption to the credit markets or economic conditions (including interest rates and levels of employment) in the UK generally, this concentration of retail credit risk could cause the Group to experience greater losses than its less concentrated competitors.

Equally, if the Group has a higher concentration of customers within a certain area in the UK, the Group could be exposed to the same risk of greater loss if that area becomes subject to greater disruption to credit markets or economic conditions than the rest of the UK.

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

***The Group is subject to risks concerning security and collateral***

The Group undertakes lending which is secured against underlying assets. Adverse economic and market conditions could negatively affect the value of the underlying assets provided as collateral for loans granted by the Group. This means the Group may not be able to recover the estimated value of the security taken upon possession. Any such reduction may result in increased loan impairment provisions and capital requirements

for the Group which could have a material adverse effect on the Group's business, financial condition, results of operations and/or prospects.

The Group is also exposed to the risk of losses arising from errors in valuation and recoverability of the security taken. This risk may arise due to the Group's inability to take legal ownership of an asset under the terms of the relevant agreement, and/or assets being of a different description or condition than that expected. The materialisation of any or all of these risks could have a material adverse effect on the Group's business, financial condition, results of operations and/or prospects.

***The Group faces risks related to volatility in UK house prices***

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

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

As a result, a significant decline in house prices could have a material adverse effect on the Group's business and potentially on its ability to implement its strategy. An increase in house prices in the UK could see a negative impact to affordability, reducing demand for mortgages and customer ability to sell or move properties. Further, sustained volatility in house prices could also discourage potential homebuyers from committing to a purchase, thereby limiting the Group's ability to grow its mortgage portfolio.

Volatility in house prices (including a significant decline) driven by macro-economic, governmental or other variables could have an adverse impact on the Group's business, financial condition and results of operations.

**Liquidity and Funding Risk**

*The risk that the Group fails to have liquidity resources of sufficient quantity and quality to meet its obligations as they fall due and/or fails to maintain a stable and diverse funding profile, to support its assets and future growth at an acceptable cost in normal and stressed market conditions*

***The Group is subject to risks relating to the availability of liquidity and funding at a commercially acceptable cost***

The Group's primary liquidity risk exposure arises through the redemption of customer deposits where customers have the ability to withdraw funds with limited or no notice. Exposure also arises from the refinancing of customer and wholesale funding at maturity and the ability to fund new and existing committed lending obligations including mortgage pipeline.

The Group is predominantly funded by retail customer deposits, augmented with wholesale funding (namely residential mortgage-backed security ("RMBS") securitisation). Following its launch in April 2020 until its closure in October 2021, the Group also accessed additional funding from the BoE's TFSME scheme, which was established to provide cost-effective funds to banks to support additional lending to the real economy and incentivise lending to SMEs during a period of economic disruption caused by COVID-19.

As part of its funding plan, the Group intends to continue to access wholesale funding markets. If during periods of acute economic or market disruption there was a reduction in investor appetite for holding its securities or the wholesale funding markets were to be partially or fully closed, it is likely that wholesale funding would prove more difficult to obtain on commercially acceptable terms. Under such circumstances, the Group may incur additional costs and may be unable to successfully deliver its medium-term growth strategy. Profound curtailments of central bank liquidity to the financial markets in connection with other market stresses, though

unlikely, might have a material adverse effect on the Group's business, financial position and results of operations, depending on its funding position at that time.

Any loss in consumer confidence in the Group could significantly increase the amount of retail deposit withdrawals that may occur in a short space of time. Should it experience an unusually high and/or unforeseen level of retail deposit withdrawals, the Group may require greater non-retail funding in the future, which it may be unable to access, which could in turn have a material adverse effect on its business, financial condition, results of operations and/or prospects.

Any initiative to raise additional deposits through price leadership could have an adverse impact on the Group's net interest income and margin through the cost of both paying higher interest rates to new customers and existing customers switching to these higher-rate products.

Failure to manage these or any other risks relating to the availability of liquidity and funding may compromise the Group's ability to deliver its growth strategy and have a material adverse effect on its business, financial condition, results of operations and/or prospects.

***The Group is subject to funding risks associated with interest rate levels***

Interest rates affect the cost and availability of the principal sources of the Group's funding, predominantly customer deposits. In recent years, the UK experienced a sustained period of historically low interest rates. The Group's customer deposit accounts consist of fixed term, fixed rate and variable rate instant access accounts.

Low interest rates reduce incentives for consumers to save and, therefore, may have reduced or could reduce customer deposits the Group's principal source of funding. However, given the recent increases in interest rates savings markets have become more competitive on price and customers are more selective as to the term on which funds are placed on deposit.

Higher levels of central bank policy rates are intended to increase the incentive for customers to save and reduce spending. However, high levels of inflation, particularly inflation significantly in excess of savings rates, may reduce customer appetite to save.

**Operational Risk**

*The risk of inadequate or failed internal processes or systems.*

***The Group is exposed to risks associated with operational resilience***

The Group is exposed to risks associated with operational resilience. A failure by the Group to maintain and test business continuity and IT disaster recovery plans, maintain systems, meet appropriate data standards, appropriately manage third party services, put in place appropriate crisis management frameworks, meet related regulatory requirements, manage change projects or meet standards for people management could have a material adverse effect on its business, financial condition, results of operations and/or prospects. Further, a failure by the Group to identify business services that, if disrupted, could cause harm to consumers or market integrity and/or identify and document the people, processes, technology and facilities that support such business services and test its ability to manage disruption within impact tolerance levels including identification and remediation of vulnerabilities could create legal exposure, as well as damage to the Group's reputation and may result in a material adverse effect on the Group's business, financial condition, results of operations and/or prospects.

***The Group is subject to risks associated with its dependence on third-party service providers for certain functions***

The Group depends on third-party service providers for a variety of functions whose failure to perform could have a material effect on the Group's business, financial condition, results of operations and/or prospects.

The Group relies on the continued availability and reliability of these service providers. If the Group's contractual arrangements with any of these providers are terminated for any reason or third party service providers, particularly those who provide material services to the Group, become otherwise unavailable or unreliable in providing the service to the required standard, the Group may need to identify and implement alternative arrangements. Although the Group would likely be able to find an alternative third-party provider or supplier for the services on equivalent terms or potentially bring the service back in-house, it may not be able to do so on a timely basis and in doing so may incur additional costs which could cause a disruption in the Group's operations and could have a material financial or reputational impact on the Group. In addition, the Group relies on certain institutions to provide important payment clearing services, and these institutions could impose significant fees or restrictions on the Group to access these systems or the quality of the service provided by them could be unsatisfactory leading to reputational damage for the Group. For all material third party services, the Group is required to have in place contingency and exit plans to support it in managing and mitigating the potential impact from a defect or failure in service provision and ensuring continuity in service provision.

The Group's reliance on third-party providers exposes it to the risk of deterioration of the commercial, financial or operational soundness of those organisations. The Group is also exposed to the risk that its relationships with one or more third-party service providers may deteriorate for a variety of reasons, including competitive factors. Reputational damage to the Group caused by the failure of a third-party supplier may also adversely impact the Group's ability to attract and retain customers or employees in the short and long-term and the ability to pursue new business opportunities.

***The Group is exposed to operational risks in the event of a failure of its information technology ("IT") systems***

The Group's strategy is to grow by taking advantage of its digital capabilities to build scale and exploit capability.

The Group's business depends on processing a high volume of transactions accurately and efficiently. The Group also depends on technology to maintain its reputation for quickly and seamlessly processing customer requests, including account openings, payments and transfers. As a result, any weakness in the Group's IT systems, banking platforms, or operational processes could have an adverse effect on its ability to operate its business and meet customer needs.

While the Group has disaster recovery and business continuity plans in place, an incident resulting in interruptions, delays, the loss or corruption of data or the cessation of systems can still occur. The Group also periodically upgrades its existing systems, and problems implementing these upgrades may lead to delays or loss of service to the Group's customers, as well as an interruption to its business, which could expose the Group to potential liability and/ or regulatory censure.

The Group's systems are also vulnerable to damage or interruption from other factors beyond its control, such as floods, fires, power loss, telecommunications failures and other similar events.

Any actual or perceived inadequacies, weaknesses or failures in the Group's IT systems or processes could have a material adverse effect on its business, financial condition, results of operations and/or prospects.

***The Group is exposed to risks in relation to data management***

The Group is exposed to risks relating to data management, including, without limitation, acquiring, storing, transforming, and using data. A failure by the Group to (i) ensure data is high quality throughout its lifecycle, (ii) ensure it has adequate procedures in place for acquiring, validating, storing, protecting and/or processing data and/or (iii) protect data from cyber-attack or a data breach, could create significant financial and legal

exposure, as well as damage to the Group's reputation and may result in a material adverse effect on the Group's business, financial condition, results of operations and/or prospects.

***The Group is exposed to risks associated with cyber-enabled crime and fraud***

The Group is subject to the risk of actual or attempted cyber and information security attacks and breaches from parties with criminal or malicious intent. Should the Group's layered controls fail to detect, prevent or mitigate a cyber-attack or data breach, or should an incident occur in a system for which there is limited resilience, there may be a material adverse effect on its business, financial condition, results of operations and/or prospects.

The Group continues to invest in its cyber and information security controls in response to emerging threats, such as cyber-enabled crime and fraud, and to seek to ensure that controls for known threats remain robust. The risks associated with cyber-attacks, where an individual or group seeks to exploit vulnerabilities in IT systems for financial gain or to disrupt services, are a material risk to the Group and the UK financial system, which has a high degree of interconnectedness between market participants, centralised market infrastructure and in some cases complex legacy IT systems. The Group cannot be certain that its infrastructure and controls will prove effective in all circumstances and any failure of the controls could result in significant financial losses and a material adverse effect on the Group's operational performance and reputation.

Any breach in security of the Group's systems, for example from increasingly sophisticated attacks by cyber-crime groups or fraudulent activity in connection with customer accounts, could disrupt its business, result in the disclosure of confidential information, create significant financial and/or legal exposure and damage its reputation and/or brands, which could have a material adverse effect on the Group's business, financial condition, results of operations and/or prospects.

***The Group's risk management policies and procedures may not be effective in protecting it against all the risks faced by its business, and any failure to manage properly the risks that it faces could harm the Group and its prospects***

The management of risks requires, among other things, robust policies and procedures for the accurate identification and control of a large number of transactions and events. Such policies and procedures may not always prove to be adequate in practice against the wide range of risks that the Group faces in its business activities. There is a risk that the Group's existing policies may not adequately cover the nature of the Group's operations thereby leading to losses or a deterioration in performance, which could have a material adverse effect on the Group's business, financial condition, results of operations and/or prospects.

The Group has a range of systems designed to measure and manage the various risks which it faces. Some of these methods are based on historical market and portfolio behaviour and may therefore prove to be inadequate for predicting future risk exposure, which may prove to be significantly greater than what is suggested by historical experience. Historical data may also not adequately allow prediction of circumstances arising due to UK Government interventions and stimulus packages, which increase the difficulty of evaluating risks. Other methods for risk management are based on evaluation of information regarding markets, customers or other information that is publicly known or otherwise available to the Group. Such information may not always be correct, updated or correctly evaluated. In addition, even though the Group constantly measures and monitors its exposures, there can be no assurance that its risk management methods will be effective, including in unusual or extreme market conditions. It is difficult to predict with accuracy changes in economic or market conditions and to anticipate the effects that such changes could have on the Group's business, financial condition, results of operations and/or prospects.

***The Group's insurance coverage may not be renewable or adequate to cover all possible losses that it could suffer, and its insurance costs could increase in the future***

The Group's insurance policies do not cover all types of potential losses and liabilities and are subject to limits and excesses. There can be no assurance that the Group's insurance will be sufficient to cover the full extent of

all losses or liabilities for which it is ultimately responsible and the Group cannot guarantee that it will be able to renew its current insurance policies on favourable terms, or at all. Any such inability to renew its insurance policies could have a material adverse effect on its business, financial condition, results of operations and/or prospects.

***The Group is exposed to risks relating to relationships with intermediaries***

In maintaining and growing its mortgage portfolio, the Group relies on a number of intermediaries in the mortgage lending market, which exposes it to the risk of deterioration of the commercial, financial or operational soundness of those organisations. If a major intermediary partner goes out of business or refers customers to other lenders, this may adversely affect the Group's lending volume. The Group is also exposed to the risk that its relationships with one or more intermediaries may deteriorate for a variety of reasons, including competitive factors. In addition, the intermediaries' incentives may not always align with the Group's, which could lead to a deterioration in the quality and performance of the Group's mortgage book. As the Group seeks to actively grow the volume of mortgages introduced by intermediaries, its exposure to those risks increases.

In addition, the structure of the intermediary market is also subject to change. For example, there may be a change in customer sentiment or regulation which favours customers dealing directly with financial institutions which would reduce the flow of business from intermediaries which may have an adverse impact on the Group if this business cannot be substituted. Also, there may be consolidation in the intermediary market which may change the behaviour of the residual intermediaries in ways which may adversely impact the Group. Any of these factors could have a negative impact on the Group's ability to meet its strategic objectives for its asset base and, consequently, its business, financial condition, results of operations and/or prospects.

Furthermore, if mortgage intermediaries are found to have violated applicable conduct regulations or standards in the sale of the Group's mortgage products, the Group's brands and/or reputation could be harmed as a result. Reputational damage to the Group's brands caused by the failure of a third-party supplier may also adversely impact the Group's ability to attract and retain customers or employees in the short and long-term and the ability to pursue new business opportunities.

**Market Risks**

*The risk of loss arising from potential adverse changes in the value or earnings profile of the Group's assets and liabilities from fluctuation in market variables.*

***The Group is subject to risks associated with its hedging and treasury operations***

The Group faces risks related to its hedging and treasury operations. The Group engages in hedging activities, for example in relation to interest rate risk, to limit the potential adverse effect of interest rate fluctuations on its results of operations. The Group's treasury operations have responsibility for managing the interest rate risk that arises through its customer facing business and management of its liquid asset buffer. Interest rate hedges for both customer assets and liabilities are calculated using a model which has some behavioural assumptions. However, the Group does not completely hedge all of its interest rate and other risk exposures and cannot guarantee that its hedging strategies will be successful because of factors such as behavioural risk, unforeseen volatility in interest rates or other market prices or, in times of market dislocation, the decreasing credit quality, or unavailability, of hedge counterparties. If its hedging strategies are not effective, the Group may be required to record negative fair value adjustments. Material losses from the fair value of financial assets would also have an adverse impact on the Group's capital held.

Through its treasury operations, the Group holds liquid assets portfolios potentially exposing the Group to interest rate risk, basis risk and credit spread risk. To the extent that volatile market conditions occur, the fair value of the Group's liquid assets portfolios could fall and cause the Group to record mark-to-market losses. In

a distressed economic or market environment, the fair value of certain of the Group's exposures may be volatile and more difficult to estimate because of market illiquidity. Valuations in future periods, reflecting then-prevailing market conditions, may result in significant negative changes in the fair value of the Group's exposures, which could have a material adverse effect on the Group's business, financial condition and results of operations.

***The Group is subject to market risk associated with interest rate levels and volatility***

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

Notwithstanding that the majority of the Group's deposits are fixed rate, in the event of sudden large or frequent increases in interest rates, the Group may not be able to re-price its assets and liabilities at the same time, giving rise to re-pricing gaps in the short term, which, in turn, can negatively affect its net interest income.

**Reputational risks**

*The risk of financial loss, reputational damage and/or regulatory censure arising from failing to comply with existing / future regulatory or legislative requirements including those in relation to data protection.*

***The Group could be subject to reputational harm that could damage its brand***

The Group operates under its "Atom bank" brand which could suffer reputational damage, which could arise by failing to address, or appearing to fail to address, a variety of issues, such as:

- poor customer service;
- technology failures;
- breaches of data security;
- breaching, or facing allegations of having breached, legal and regulatory requirements;
- committing, or facing allegations of having committed, or being associated with those who have or are accused of committing, unethical practices, including regarding sales and trading practices;
- the failure of intermediaries and other third parties on whom the Group relies, such as clearing banks, third-party service providers or partners, to provide necessary services;
- poor business performance; and
- failing to meet, or facing allegations of failing to meet, legal and social expectations of ESG matters, human rights and/or modern slavery.

An inability to manage risks relating to its brand for any reason could have a material adverse effect on the Group's business, financial condition, results of operations and/or prospects.

**Conduct risk**

*The risk arising from inappropriate behaviour by the Group in its relationship with customers, counterparties and markets*

***Aspects of the Group's current or historic activities could be deemed by the FCA or other regulatory authorities to be inconsistent with the delivery of fair outcomes for clients***



The Group is committed to managing its business in a way that puts good client outcomes at the heart of its culture, values and behaviours, and is embedded through its policies, processes and incentive structures. Any failure to successfully monitor and manage conduct risk could result in regulatory censure and harm to the Group's reputation and standing with clients and others which, in turn, could adversely affect its financial condition, operational performance and future prospects.

***The Group is exposed to the risk of financial and reputational costs and the threat of regulatory enforcement action if it fails to deliver fair outcomes for clients***

Conduct risk is the risk that the Group's actions or decisions could result in an unfair outcome for its clients arising, for example, from poor product design, ineffective complaints handling or a failure to meet the needs of clients in financial difficulty. Issues associated with poor conduct have been a significant source of cost and reputational damage to the financial services industry in recent years and have attracted increased scrutiny from regulators. This is of particular focus in the UK given the FCA's implementation in July 2023 of the consumer duty on regulated firms (the "Consumer Duty") which aims to set a higher level of consumer protection in retail financial markets. In particular, the Consumer Duty introduces (i) a new 'Consumer Principle' that requires regulated firms to deliver good outcomes for retail clients; (ii) cross-cutting rules requiring firms to act in good faith, avoid causing foreseeable harm, and enable and support clients to pursue their financial objectives; and (iii) fair outcomes requiring firms to ensure consumers receive communications they can understand, products and services that meet their needs and offer fair value, and the support they need. The Consumer Duty impacts all areas of the Group's UK regulated business, and has applied to all new and existing products and services that remain open for sale or renewal since the end of July 2023 and has applied to all other products and services since the end of July 2024. Although some uncertainty remains over the FCA's exact supervisory approach to the Consumer Duty, the impact on competitor and customer behaviour and the final operational impact to the Group, the Group may face increased ongoing costs due to the need to implement additional compliance controls because of changes to the interpretation and guidance issued in relation to the Consumer Duty.

**Model Risk**

*The potential for adverse consequences from model errors or the inappropriate use of modelled outputs to inform business decisions.*

***The Group is exposed to model risk***

The Group relies on a large number of models throughout its business, including financial models and analytical tools, such as its risk models. These models are used for many purposes, including, without limitation, for assessing credit at the point of customer application through its scorecards, IFRS 9 expected credit loss accounting, financial modelling and treasury risk management. There is a risk of undetected or undetectable latent weaknesses or failures in the design, update, maintenance or use of any such models (or systems) (including as a result of events unforeseen during the design of the models) that have not yet become apparent. There is also a risk that the underlying assumptions or data sources prove to be inaccurate, out-of-date or fail to take account of certain variables of the risk profile of certain customers. There are also risks associated with inadequate governance of models, failures in the development, implementation and use of models, and inadequate independent validation of models.

The materialisation of any or all of these risks could result in an inadequate application of the Group's credit risk appetite and misstatement of its loan impairment provisions which could have a material adverse effect on the Group's business, financial condition, results of operations and/or prospects.

**Capital Adequacy Risk**

*The risk that the Group could have insufficient quantity or quality of capital to deliver its base business strategy or withstand a severe but plausible stress.*

***Failure to deliver expected / planned levels of profit could impact the Group's ability to execute its strategy***

Availability of sufficient quantity and quality of capital is critical to enable the Group to deliver its strategy and business plan. In particular, to fund investment in technology and other intangibles, and to grow the lending book.

Should the Group fail to generate the planned level of profit, due to worse than expected trading performance, or the impact of one of the risk factors listed in this section, it might have to curtail growth or investment which could impact future levels of profit. Lower levels of profit and hence capital generation will also reduce the Group's ability to withstand a stress scenario that erodes the capital reserves of the Group.

***The Group is required to hold sufficient capital to meet regulatory requirements.***

As detailed under the Legal and Regulatory Risks section, as a deposit taking Bank, the Group is required to hold at least a minimum level and quality of capital. There is a risk that these requirements could change or be misinterpreted by the Group. This could result in the Group holding an insufficient level of capital that might require action that could significantly impact the position or future prospects of the Group.

## **Legal and Regulatory Risks**

***The Group must comply with a wide range of laws and regulations in the markets in which it operates***

As a financial services group, the Group is subject to extensive and comprehensive regulation. The Group must comply with numerous laws and regulations in any of the markets in which the Group operates which significantly affect the way it does business. Consequently, the Group is exposed to many forms of risk in connection with compliance with such laws and regulations, including:

- breaching general organisational requirements, such as the requirement to have robust governance arrangements (which include a clear organisational structure with well defined, transparent and consistent lines of responsibility that are consistent with the Senior Manager's Certification Regime), effective processes to identify, manage, monitor and report the risks the Group is or might be exposed to, and internal control mechanisms, including sound administrative and accounting procedures and effective control and safeguard arrangements for information processing systems;
- continued high level of scrutiny of the treatment of clients by financial institutions from regulatory bodies, the press and politicians; in the UK, the FCA in particular continues to focus on retail conduct risk issues, as well as conduct of business activities through its supervision activity;
- a potential failure of processes, systems or security may expose the Group to heightened financial crime and/or fraud risk, and in the UK the Prudential Regulation Authority (the "PRA"), BoE and FCA continue to focus on the operational resilience of firms and financial markets infrastructures;
- certain aspects of the Group's business may be determined by the relevant authorities (such as the Financial Ombudsman Service (the "FOS") in the UK) or the courts not to have been conducted in accordance with applicable laws or regulations or, in the case of the FOS, with what is fair and reasonable in the Ombudsman's opinion;
- the possibility of alleged mis-selling of financial products (for example, the risk that products are not accurately described, do not perform in alignment with their investment objectives for a sustained period, that product liquidity is not consistent with the product description or the redemption requirements of investors) or the mishandling of complaints related to the sale of such products by or attributed to an

employee of the Group, including as a result of having sales practices, complaints procedures and/or reward structures in place that are determined to have been inappropriate;

- breaching laws and requirements relating to the detection and prevention of money laundering, terrorist financing, bribery and corruption and other financial crime; and
- non-compliance with legislation relating to unfair or required contractual terms or disclosures.

Failure to comply with this wide range of laws and regulations could have a number of adverse consequences for the Group, including the risk of:

- substantial monetary damages or fines, other penalties and injunctive relief, the amounts of which are difficult to predict and may exceed the amount of provisions set aside to cover such risks;
- regulatory investigations, reviews, proceedings and enforcement actions;
- being required to amend sales processes, product and service terms and disclosures, withdraw products or provide redress or compensation to affected clients;
- the Group either not being able to enforce contractual terms as intended or having contractual terms enforced against the Group in an adverse way;
- civil or private litigation (brought by individuals or groups of individuals/claimants) in the UK and other jurisdictions (which may arise out of regulatory investigations and enforcement actions or client complaints);
- criminal enforcement proceedings; and
- regulatory restrictions on the Group's business,

any or all of which could result in the Group incurring significant costs, may require provisions to be recorded in the Group's financial statements, could adversely impact future revenues from affected products and services and could have a negative effect on the Group's reputation and the confidence of clients in the Group, as well as taking a significant amount of the Directors' and management's time and resources away from the implementation of the Group's strategy. Regulatory restrictions could also require additional regulatory capital and/or liquid assets to be held. Any of these risks, should they materialise, could have an adverse impact on the Group's business, financial condition, results of operations and/or prospects.

In addition to the above, failure to comply with the wide range of laws and regulations could result in the FCA and the PRA or other competent regulatory authorities cancelling or restricting the regulatory authorisations of Atom Bank plc (the "**Atom Bank**") or other regulated entities in the Group altogether, thereby preventing them from carrying on their businesses.

The Group is not a signatory of the 'Mortgage Charter', which was published on 26 June 2023 by HMT (last updated on 15 January 2024) (the "**Mortgage Charter**"), as it had already chosen to adopt the key best practices of the Mortgage Charter. Further reforms in this area could result in the Group incurring additional costs and liabilities, which may adversely affect its business, financial conditions and/or results of operations.

### ***The Group's business is subject to substantial and changing prudential regulation***

The Group faces risks associated with an uncertain and rapidly evolving prudential regulatory environment, pursuant to which it is required, among other things, to maintain adequate capital and liquidity resources and to satisfy specified Pillar 2 requirements, buffer requirements and capital ratios and liquidity requirements at all times. The Group's borrowing costs, regulatory capital and liquidity requirements could be affected by future changes to the prudential regulation that applies to it, which include (i) the legislative package comprising the

amended Capital Requirements Directive (2013/36/EU) (the “**CRD**”) and Capital Requirements Regulation (575/2013) (the “**CRR**”) (collectively, the “**CRD IV**”), each as implemented in the UK and as they form part of domestic law by virtue of the EUWA, implementing the proposals of the Basel Committee on Banking Supervision (known as Basel III) and other regulatory developments impacting capital and liquidity positions and (ii) the Bank Recovery and Resolution Directive 2014/59/EU (the “**BRRD**”), as implemented in the UK and as it forms part of domestic law by virtue of the EUWA, which established an EU wide framework for the recovery and resolution of credit institutions and investment firms. The CRD and BRRD requirements were implemented in the UK before the UK’s exit from the EU, and the UK framework was then amended to reflect the UK’s exit from the EU. The CRR has been onshored in the UK by the Capital Requirements (Amendment) (EU Exit) Regulations 2018 (as amended) and related rules in the PRA Rulebook (the “**UK CRR**”).

#### *CRD IV*

CRD IV introduced significant changes in the prudential regulatory regime applicable to banks with many of the measures taking effect from 1 January 2014, including increased minimum levels of capital and additional minimum capital buffers; enhanced quality standards for qualifying capital, increased risk weighting of assets, particularly in relation to market risk and counterparty credit risk and the introduction of a minimum leverage ratio for large credit institutions. Following its implementation in the UK, CRD IV has been further amended (including as a result of “onshoring” in the context of Brexit or as a result of the implementation of changes to the underlying Basel III standards).

#### *CRD V / CRR II*

In November 2016, the European Commission (“**EC**”) published a package of proposed amendments to CRD IV / CRR (the “**CRD V**” and “**CRR II**”, respectively). Following the EC’s proposals, CRD V and CRR II entered into force on 27 June 2019. EU member states (including the UK) were required to implement CRD V by 29 December 2020. CRR II largely came into effect from 28 June 2021 in the EU. The UK implemented most of CRR II reforms on 1 January 2022.

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

#### *Basel 3.1*

The final capital framework to be established in the European Union and the United Kingdom under the Basel standards differs from Basel III in certain areas. In December 2017, the Basel Committee finalised further changes to the Basel III framework which include amendments to the standardised approaches to credit risk and operational risk and the introduction of a capital floor and in January 2019, the Basel Committee published revised final standards on minimum capital requirements for market risk (together, “**Basel 3.1**”).

Basel 3.1 standards were originally to take effect from 1 January 2022, with some standards subject to five-year phase-in arrangements, but this was extended in June 2020 to apply from 1 January 2023 as part of the EU’s response to the COVID-19 pandemic. The UK has indicated that it is committed to implementing international standards and, on 30 November 2022 the PRA published CP16/22 “implementation of the Basel 3.1 standards”. This was followed on 12 December 2023, by the PRA publishing PS17/23 “Implementation of the Basel 3.1 standards near-final Part 1” and on 12 September 2024, by the PRA publishing PS9/34 “Implementation of the Basel 3.1 standards near-final Part 2”, which together set out the PRA’s proposed rules and expectations with respect to implementing the Basel 3.1 standards in the UK. The resultant changes are due to take effect on 1 January 2026 and are expected to include revisions to a number of elements of the standardised approach for credit risk, a new operational risk framework as well as revisions to the standardised approach for market risk.

The PRA have yet to set out their proposals on how Basel 3.1 might change their approach to setting Pillar 2A and Pillar 2B buffers, as well as on the transition.

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

#### *Post-Brexit - Edinburgh Reforms*

The UK prudential regime continues to evolve following the UK's exit from the European Union and the extent to which the UK may choose to implement or mirror future changes in the EU regulatory regime, or to diverge from the current EU-influenced regime over time, remains to be seen. The proposed reforms unveiled on 9 December 2022 as part of the "Edinburgh Reforms" of UK financial services and the introduction of some legislative reforms under the Financial Services and Markets Act 2023 (which received Royal Assent on 29 June 2023) provide an indication of the possibility of further divergence in the future. With the evolution of the UK's financial landscape, the UK authorities may seek to adjust the prudential framework to better reflect these changes.

#### *EBA technical standards*

The capital requirements framework adopted in the UK may also change following changes to existing, or development of new, regulatory technical standards by the European Banking Authority (the "EBA") notwithstanding that they do not form part of UK law, as well as changes to the way in which the PRA continues to take such standards into account when interpreting and applying UK law (including as regards individual model approvals or otherwise). Such changes, either individually and/or in aggregate, may lead to further unexpected increased requirements in relation to the Group's capital, liquidity and funding ratios or alter the way such ratios are calculated.

The implementation of these various reforms and various other banking reform initiatives and any future unfavourable regulatory developments could have a material adverse effect on the Group's business, results of operations and financial condition.

#### *Future changes to the applicable prudential regime*

While the Group is currently subject to the prudential regulatory regime under CRD IV, as amended by CRD V, the prudential regulatory regime to which the Group is subject may change in the future. Any alternative prudential regulatory regime that applies to the Group from time to time could result in the Group and/or the Issuer becoming subject to different capital, liquidity and/or other regulatory requirements. No guarantee can be given that the Notes and any other regulatory capital instruments issued by the Issuer and/or the Group would continue to be eligible as regulatory capital (or receive equivalent capital treatment) under any such alternative regime. A change to the applicable prudential regime may affect the risk profile of the Notes, the Group's product range, distribution channels, competitiveness, profitability, risk management approaches, corporate or governance structure, reported results and financing requirements, as well as the amount of regulatory capital and liquid assets the Group and/or the Issuer must maintain, and the Group and/or Issuer may, consequently, be required to issue further regulatory capital instruments.

#### ***The Group is subject to regulatory capital, liquidity and leverage requirements that could limit its operations, and changes to these requirements may further limit and could have a material adverse effect on the Group's operations, financial condition and/or prospects***

The PRA sets capital and liquidity requirements for the Group and monitors the Group's capital adequacy on an ongoing basis. If the Group fails, or is perceived to be likely to fail, to meet its minimum regulatory capital or liquidity requirements (including in connection with any stress tests performed by the BoE or other authorities), then it may be subject to governmental actions, including requiring the Group to issue additional Common Equity Tier 1 securities or other regulatory capital, requiring the Group to retain earnings or suspend

dividends, the issuance of a public censure or the imposition of sanctions. This may affect the Group's capacity to continue its business operations, generate a return on capital or pursue other strategic opportunities, impacting future growth potential. If the Group is unable to raise further regulatory capital, this could affect the Issuer's ability to fulfil its obligations under the Notes.

Any actual or perceived failure of the Group to meet regulatory requirements or any actual or perceived weakness in the Group's financial position when compared to other institutions could give also rise to a loss of confidence from customers, counterparties and investors. Consequently, clients may withdraw deposits from Atom Bank and counterparties and investors may not wish to transact with the Group or the Issuer or may only be willing to do so on less favourable terms meaning the Group's or the Issuer's (as applicable) sources of capital and funding could become more expensive, unavailable, or constrained. This may impact the Group's business operations, strategic opportunities and, in turn, future growth potential.

The Group is subject to risk-based capital requirements, including minimum requirement for own funds and eligible liabilities ("**MREL**"), and liquidity requirements and could become subject to leverage-based requirements in the future, as set out below.

#### *Risk-based capital requirements*

Under the current prudential framework as at the date of these Admissions Particulars, the Group is required to hold minimum amounts of regulatory capital equal to 8 per cent. of risk-weighted assets (the "**Pillar 1 Capital Requirements**"). Banks may also be designated as 'global systemically important institutions' ("**G-SII**") or 'other systemically important institutions' ("**O-SIIs**"), which designation may attract further buffer requirements (although Atom Bank is not presently designated as either a G-SII or an O-SII).

In addition, the PRA may impose individual capital add-ons specific to an institution known as "**Pillar 2A requirements**", for risks either not captured or insufficiently captured by Pillar 1 Capital Requirements. The sum of the Pillar 1 Capital Requirements and Pillar 2A requirements is referred to as the "**Total Capital Requirements**" or "**TCR**". Furthermore, the "**Combined Buffers**" apply to firms, comprising a capital conservation buffer, a counter-cyclical buffer and, where applicable, a systemic risk buffer (intended to prevent and mitigate macroprudential or systemic risks). The counter-cyclical buffer is set by the BoE's Financial Policy Committee and applies to all relevant financial institutions.

In addition, the PRA may set an additional firm-specific buffer, referred to as the "**PRA Buffer**".

The TCR must be met with at least 56.25 per cent. Common Equity Tier 1 capital and at least 75 per cent. Tier 1 capital, with not more than 25 per cent. Tier 2 capital. The Combined Buffers and PRA Buffer must be met solely with Common Equity Tier 1 capital. The PRA presently requires that the level of the PRA buffer is not publicly disclosed (unless required by law).

As at 31 March 2024, the overall capital requirement (excluding the PRA buffer) of the Group was £253 million, of which £171 million reflected the sum of the Group's TCR, £82 million reflected the Group's buffer requirement (a capital conservation buffer of 2.5 per cent. and a counter-cyclical buffer of 2.0 per cent. of the Group's risk weighted assets (the systemic risk buffer is currently set at zero)). As at 31 March 2024, the Group had total regulatory own funds of £346 million consisting of Common Equity Tier 1.

#### *Liquidity requirements*

The Group is required to comply with the liquidity coverage requirement. The current minimum requirement for liquidity coverage ratio ("**LCR**") is set at 100 per cent. The Group's LCR was 486 per cent. as at 31 March 2024. The LCR is intended to ensure that a UK bank and its group maintains an adequate level of unencumbered, high quality liquid assets which can be used to offset the net cash outflows the bank could encounter under a short term significant liquidity stress scenario. The Group is also required to maintain available stable funding equal to at least 100 per cent. of its required stable funding (the Net Stable Funding Ratio).

#### *MREL requirements under the BRRD.*

In addition to the capital requirements under CRD IV, the BRRD requires that all institutions must meet an individual MREL requirement set by the relevant resolution authorities on a case-by-case basis. Items eligible for inclusion in MREL will include an institution's own funds, along with "eligible liabilities". Although the provisions of the BRRD transposed into UK law relating to MREL took effect from 1 January 2016, the BoE is able to determine an appropriate transitional period for an institution to reach its end-state MREL. The BoE's Statement of Policy entitled "*The Bank of England's approach to setting a minimum requirement for own funds and eligible liabilities (MREL)*" published in June 2018, as updated in December 2021, sets out the BoE's policy for exercising its power to direct institutions to maintain a minimum requirement for MREL under section 3A(4) and (4B) of the Banking Act (as defined below). Given the BoE's preferred resolution strategy for Atom Bank is a modified bank insolvency process, the Group does not, and does not expect to, have an MREL requirement set above its going concern capital requirements unless the applicable resolution strategy is changed. The BoE reviews the MREL set for all relevant firms regularly. Any change to Atom Bank's or the Group's MREL requirement could increase the Group's costs and could adversely impact its capital structure, business, financial condition and/or prospects, and may result in the Group being required to raise further own funds or eligible liabilities. Future regulatory capital or eligible liabilities issuances may also be required as a result of further costs or losses or shortfall in revenues and capital or MREL requirements exceeding the Issuer's expectations. MREL will also have an impact across the market including potentially affecting the credit rating of the securities issued by the Group (including the Notes) and its competitors and there is a risk that the relative impact may give rise to a reduction in competitiveness of the Group.

#### *Leverage-based requirements*

The UK leverage ratio framework applies in parallel with the risk-weighted capital requirements. The calculation determines a ratio based on the relationship between Tier 1 capital and total (i.e. non-risk-weighted) exposures, including off-balance sheet items. The leverage ratio does not distinguish between unsecured and secured loans, nor does it recognise the loan-to-value ratio of secured lending. The UK minimum leverage ratio is currently set at 3.25 per cent. of total exposures (excluding central bank reserve exposures) and applies to UK banks and banking groups with retail deposits of at least £50 billion. At least three-quarters of the leverage ratio requirement must be met with Common Equity Tier 1 capital and up to one-quarter may be met with Additional Tier 1 capital. In addition, the UK leverage ratio framework includes two additional buffers that are to be met using Common Equity Tier 1 capital only: an Additional Leverage Ratio Buffer ("**ALRB**"), applying to the largest UK banks and set at 35 per cent. of the corresponding risk-weighted systemic buffer rate, and a macro-prudential Countercyclical Leverage Buffer ("**CCLB**"), which is set at 35 per cent. of the corresponding risk-weighted countercyclical buffer (and rounded to the nearest 0.1 per cent., with 0.05 per cent. being rounded up).

As at the date of these Admissions Particulars, the Group does not have a binding leverage ratio requirement, as Atom Bank has retail deposits below £50 billion. However, Atom Bank and the Group are subject to a supervisory expectation that they will maintain a minimum 3.25 per cent. leverage ratio as calculated under the UK leverage ratio framework. Accordingly, the Group monitors and reports its leverage ratio on this basis, and as at 31 March 2024, the Group's leverage ratio as calculated using the PRA definition was 6.8 per cent. Any non-compliance with this leverage ratio expectation may have an adverse effect on the Group's businesses, operating results, financial condition and/or prospects.

#### ***The Group is subject to substantial and changing conduct regulations***

The Group is subject to an extensive and robust regulatory framework relating to conduct, which exposes the Group to a range of regulatory risks in this respect.

This regulatory framework includes but is not limited to:

- certain aspects of the Group’s business may be determined by its regulators, including the FCA, the PRA, the Payment Systems Regulator, HM Treasury, the FOS, the Competition and Markets Authority (the “CMA”), the UK Information Commissioner or the courts, as not being conducted in accordance with applicable laws or regulations, or, in the case of the FOS, with what is fair and reasonable in the Ombudsman’s opinion;
- the Group may be subject to allegations of mis-selling financial products, including as a result of having sales practices and/or reward structures in place that are determined to have been inappropriate and/or failures in client servicing or causing client harm, which may result in disciplinary action (including significant fines) or requirements to amend sales or servicing processes, withdraw products or provide restitution to affected clients;
- the FCA’s implementation of the Consumer Duty (for more information on the implementation and impacts of the Consumer Duty, see the risk factor entitled “*The Group is exposed to the risk of financial and reputational costs and the threat of regulatory enforcement action if it fails to deliver fair outcomes for clients*” below); and
- the Group may be liable for damages to third parties harmed by the manner in which the Group has conducted one or more aspects of its business and the Group’s own business or reputation could be impacted where it has engaged a third party and there is a failure in the processes, security or systems of such third party.

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

For example, the high level of scrutiny of the treatment of clients by financial institutions from regulatory bodies, the press and politicians may continue and the FCA, as evidenced through the introduction of the Consumer Duty, may continue to focus on retail conduct risk issues as well as conduct of business activities through its supervision activity which could result in changes in conduct regulations driven by higher expectations, or a different interpretation, of what is required to demonstrate compliance with conduct of business standards in certain markets.

Failure to manage the risks arising from substantial and changing conduct regulations adequately could lead to significant liabilities or reputational damage and damage to the Group’s brand, which could have a material adverse effect on its business, financial condition, results of operations and relations with clients. This in turn could affect the Issuer’s ability to fulfil its obligations under the Notes.

### ***The Group must comply with operational resilience regulations***

There is a continued focus on the operational resilience of firms, in particular in relation to ‘important business services’. In March 2021, the PRA published a Statement of Policy clarifying how its operational resilience policy affects its approach to the following key areas of the regulatory framework: (i) governance, (ii) operational risk management, (iii) business continuity planning, and (iv) the management of outsourced relationships. In March 2022, new operational resilience rules set out in the PRA Supervisory Statement SS1/21 and FCA Policy Statement PS21/3 came into force. The Group is required to identify its ‘important business services’ and set impact tolerances for these as well as commence a programme of scenario testing whereby the Group evidences its ability to continue to deliver such services through operational disruption and within impact tolerance thresholds. The PRA and FCA are assessing the progress on implementation by firms within a reasonable time frame and by no later than March 2025.

In January 2024, the PRA published a ‘Dear CEO’ letter setting out supervisory priorities for UK deposit takers. The PRA’s 2024 priorities reflect the need for robust governance, risk management and controls at firms to enable the effective and proactive identification, assessment and mitigation of risks in an increasingly



challenging and changeable operating environment. The PRA heightened compliance with operational resilience expectations and the need for Boards and senior management to actively oversee the delivery of their firms' operational resilience programme, as well as the management and mitigation of risk associated with IT transformations and outsourcing to third parties. In December 2023, the FCA and PRA also jointly published a consultation paper setting out proposed requirements and accompanying expectations for critical third parties. The consultation closed in March 2024.

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

The Group is subject to laws and regulations that are in place to prevent financial crime, including money laundering, the financing of terrorism, the facilitation of bribery and tax evasion, the circumvention of applicable sanctions regimes, as well as laws that prohibit the Group, its staff or intermediaries from making improper payments or offers of payment to foreign governments and their officials and political parties for the purposes of obtaining or retaining business, including the UK Bribery Act 2010. Compliance with anti-money laundering, anti-bribery rules and sanctions legislation and regulations creates a significant financial burden on banks and other financial institutions and requires significant technical capabilities to manage these risks. In recent years, enforcement of these laws and regulations has become more aggressive, resulting in several landmark financial penalties against UK financial institutions. Economic crime continues to be a key focus for regulators, with the FCA, in particular, highlighting anti-money laundering and the prevention of financial crime as priorities in its business plan. This is in addition to the recent passing of the Economic Crime (Transparency and Enforcement) Act 2022 and Economic Crime and Corporate Transparency Act 2023.

Furthermore, the UK, the EU, United States and numerous other jurisdictions have introduced sweeping sanctions against Russia and Belarus following the invasion of Ukraine, and many of these sanctions involve the banking and financial services sectors.

In addition, the Group cannot predict the nature, scope or effect of future legislative or regulatory requirements to which it might be subject or the manner in which existing laws might be administered or interpreted in the future. Unforeseen and quick changes to legislative or regulatory requirements could make compliance by the Group more challenging and/or costly.

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

In recent years, the relevant regulatory authorities in the UK have proposed (and in some cases have commenced implementation of) dramatic reforms to many aspects of the banking sector, including, among others, institutional structure, resolution procedures and deposit guarantees. While the impact of these regulatory developments remains uncertain, the Group expects that the evolution of these and future initiatives could have an impact on its business. This in turn could affect the Group's ability to fulfil its obligations under the Notes.

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

The Deposit Guarantee Scheme Regulations 2015, as amended by the Deposit Guarantee Scheme and Miscellaneous Provisions (Amendment) (EU Exit) Regulations 2018, ensure that all deposits up to £85,000 per eligible person per firm are protected through the FSCS deposit guarantee scheme (the "FCS DGS"). The FCS DGS is funded through regular contributions before the event (*ex ante*). In the case of insufficient *ex ante* funds,

the FCS DGS will collect immediately after the event (*ex post*) contributions from the banking sector and as a last resort it will have access to alternative funding arrangements such as loans from public or private third parties.

Amongst other compensation, the FSCS provides for a qualifying temporary high balance deposit protection, up to £1 million, for up to six months from when the amount was first deposited for certain limited types of deposits. It is possible that future FSCS levies on Atom Bank may differ from those at present, and such reforms could result in the Group incurring additional costs and liabilities, which may adversely affect its business, financial conditions and/or results of operations.

In mortgages, the FCA published the outcome of its Mortgage Market Study in March 2019 and as a result of its findings, announced changes to its responsible lending rules and guidance, aimed at removing barriers to consumers switching to a more affordable mortgage. The FCA also introduced measures in October 2020 to help some mortgage customers to have more options to switch, in particular to make it easier for customers of a closed book firm ('mortgage prisoners') to switch to a new mortgage deal with a firm that sits within the same group as the current lender. The FCA presented a review on 'mortgage prisoner' to the UK Parliament in November 2021. The FCA also published guidance for firms supporting their existing mortgage borrowers impacted by the rising cost living in March 2023 (FG23/2) and the guidance sets out the flexibility firms have when providing forbearance to those who need it and the scope firms have to vary contract terms for other borrowers who want to reduce their monthly payments. The FCA has also consulted on incorporating the Tailored Support Guidance into the Consumer Credit (CONC) and Mortgages and Home Finance: Conduct of Business (MCOB) sourcebooks. Further reforms in this area could result in the Group incurring additional costs and liabilities, which may adversely affect its business, financial conditions and/or results of operations.

### ***Bank Resolution Powers apply to the Group***

The Group is subject to the Banking Act 2009 (the "**Banking Act**") which gives wide powers in respect of UK banks and their parent undertakings and other group companies to HM Treasury, the BoE, the PRA and the FCA (each an "**Authority**" and together, the "**Authorities**") in circumstances where a UK bank has encountered or is likely to encounter financial difficulties. These provisions of the Banking Act implement the BRRD and establish a special resolution regime for UK banks and certain other institutions and their groups (including the Issuer, as the parent entity of Atom Bank and the resolution entity of the Group) (the "**SRR**").

The exercise of these powers could result in: (a) the transfer of all or some of the securities issued by a UK bank or its parent, or all or some of the property, rights and liabilities of a UK bank or its parent, to a commercial purchaser or, in the case of securities, to HM Treasury or an HM Treasury nominee, or, in the case of property, rights or liabilities, to an entity owned by the BoE; (b) the overriding of any default provisions, contracts, or other agreements, including provisions that would otherwise allow a party to terminate a contract or accelerate the payment of an obligation; (c) the commencement of certain insolvency procedures in relation to a UK bank; (d) the overriding, varying or imposing of contractual obligations, for reasonable consideration, between a UK bank or its parent and its group undertakings (including undertakings which have ceased to be members of the group); and (e) the discontinuation of the listing and admission to trading of the Notes or other securities issued by the Group from time to time, in order to enable any transferee or successor bank of the UK bank to operate effectively.

The powers granted to Authorities under the Banking Act include, but are not limited to: (i) a "mandatory write-down and conversion power" relating to regulatory capital instruments (such as the Notes) and (ii) a "bail-in" tool relating to the majority of unsecured liabilities. Such loss absorption powers give resolution authorities the ability to write-down or write-off all or a portion of the claims of certain unsecured creditors of a failing institution or group and/or to convert certain debt claims into another security, including ordinary shares of the surviving group entity, if any. Such resulting ordinary shares may be subject to severe dilution, transfer for no

consideration, write-down or write-off. The Banking Act also gives power to HM Treasury to make further amendments to the law for the purpose of enabling it to use the special resolution regime powers effectively, potentially with retrospective effect.

#### *Mandatory write-down and conversion power*

The mandatory write-down or conversion of capital instruments (such as the Notes) power may be used where an Authority has determined that the institution concerned has reached the point of non-viability or where the conditions to resolution are met. Unlike the bail-in tool, this power may be exercised pre-resolution. Any write-down or conversion effected using this power must reflect the insolvency priority of the written-down claims – thus common equity shall generally be written off in full before subordinated debt (including the Notes) is affected. The mandatory write-down and conversion of capital instruments power is not subject to the “no creditor worse off” safeguard which applies to the bail-in power.

#### *Bail-in power*

The bail-in power gives an Authority the power to cancel all or a portion of the principal amount of, or interest on, certain unsecured liabilities (which could include the Notes) of a failing financial institution or its holding company, and/or to convert certain debt claims (which could be amounts payable under the Notes) into another security, including ordinary shares of the surviving entity, if any. The Banking Act requires an Authority to apply the “bail-in” power in accordance with a specified preference order. In particular, an Authority must write-down or convert the regulatory capital and MREL eligible liabilities instruments in the following order: (i) Common Equity Tier 1 instruments, (ii) Additional Tier 1 instruments, (iii) Tier 2 instruments (which would include the Notes), (iv) other subordinated claims and (v) eligible senior claims. In general, the exposure of creditors and shareholders resulting from the exercise of the bail-in powers will reflect the order in which they would have received distributions in an insolvency process immediately before the coming into effect of the bail-in power (the “no creditor worse off” safeguard). However, due to the exclusion of certain liabilities (such as protected deposits) from the scope of the bail-in powers, certain creditors may bear greater losses than they would on insolvency.

#### *Other resolution powers under the Banking Act*

As well as a “write-down and conversion of capital instruments” power and a “bail-in” power, the powers of an Authority under the Banking Act include the power to (i) direct the sale of the relevant financial institution or the whole or part of its business on commercial terms without requiring the consent of the shareholders or complying with the procedural requirements that would otherwise apply, (ii) transfer all or part of the business of the relevant financial institution to a “bridge institution” (an entity created for such purpose that is wholly or partially in public control) and (iii) separate assets by transferring impaired or problem assets to one or more publicly owned asset management vehicles to allow them to be managed with a view to maximising their value through eventual sale or orderly wind-down (this can only be used together with another resolution tool).

The Authorities also have wide powers under the Banking Act to modify contractual arrangements in certain circumstances (for example, varying the maturity of a debt instrument), to impose a temporary suspension of payments and to override events of default or termination rights that might be invoked as a result of the exercise of the resolution powers, which could have a material adverse effect on the rights of holders of the equity and debt securities issued by the Issuer (including Noteholders), including through a material adverse effect on the price of such securities (such as the Notes). The Banking Act also gives the BoE the power to override, vary or impose contractual obligations between a UK bank, its holding company and its group undertakings for reasonable consideration, in order to enable any transferee or successor bank to operate effectively. There is also power for HM Treasury to disapply or modify laws (with possible retrospective effect), excluding provisions made by or under the Banking Act, to enable the powers under the Banking Act to be used effectively.

Any exercise of these powers may limit the capacity of the Group to meet its obligations under the Notes. In addition, if the market perceives or anticipates that any action may be taken under the Banking Act in respect of the Group, Atom Bank or any of their respective securities (including the Notes), this may have a significant adverse effect on the market price of the Notes and/or the liquidity and/or volatility of any market in the Notes, whether or not such powers are ultimately exercised. In such cases, investors may experience difficulties in selling their Notes, or may only be able to sell their Notes at a significant loss.

***The Group's business is subject to changing laws and regulation and regulatory focus and approach***

In addition to the substantial and changing prudential and conduct regulation described in the risk factors entitled "*The Group's business is subject to substantial and changing prudential regulation*", "*The Group's business is subject to substantial and changing conduct regulations*" and "*The Group is subject to the potential impacts of banking reform initiatives*" above, the Group faces risks associated with an uncertain and changing legal and regulatory environment in all the markets in which it operates. Existing laws and regulations may be amended, or new laws and regulations may be introduced, which could affect the Group by, for example:

- resulting in the need for increased operational and compliance resources to ensure compliance with the new or amended laws and regulations;
- restricting the client base to which the Group's products or services can be offered; and
- restricting the products or services the Group can provide,

any or all of which could ultimately have an adverse impact on the Group's business, financial condition, results of operations and/or prospects.

In addition, changes to the regulatory authorities' approaches and expectations may result in increased scrutiny of the Group's compliance with existing laws and regulation. This may result in the Group needing to change its internal operations, at an increased cost.

***The Group's business is subject to substantial and increasing industry wide regulatory and governmental oversight***

In addition to the promulgation of new legislation and regulation, the UK Government, the PRA, the FCA, other regulators in the UK and other regulators and governments overseas have, in recent years, become substantially more proactive in their application and monitoring of certain regulations, and they may intervene further in relation to areas of industry risk already identified or in new areas, which could adversely affect the Group.

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

- general changes in government, central bank or regulatory policy, or changes in regulatory regimes, including changes that apply retroactively, that may influence client decisions in particular markets in which the Group operates, which may change the structure of those markets and the products offered or may increase the costs of doing business in those markets;
- external bodies applying or interpreting standards or laws in a manner that is different to how the Group applies or interprets them;
- one or more of the Group's regulators intervening to mandate the pricing of certain of the Group's products as a consumer protection measure;
- one or more of the Group's regulators intervening to prevent or delay the launch of a product or service, or prohibiting an existing product or service;

- changes in competitive and pricing environments;
- further requirements relating to financial reporting, corporate governance and conduct of business and employee compensation;
- changes to regulation and legislation relating to economic and trading sanctions, money laundering and terrorist financing;
- CMA market studies or investigations, FCA market studies or Payment Systems Regulator market studies (or other market studies of regulatory authorities) potentially resulting in a range of measures, including behavioural and/or structural remedies;
- influencing business strategy, particularly the rate of growth of the business;
- imposing conditions on the sales and servicing of products, which has the effect of making such products unprofitable or unattractive to sell;
- changes to regulation and legislation relating to sustainability disclosure requirements, environmentally sustainable investments and to broader environmental, social and governance (ESG) rules and supervisory expectations that apply to banks and asset managers; and
- imposing additional sustainability conditions and requirements, in particular in the asset management sector.

The financial services industry continues to be a focus of significant regulatory change and scrutiny. This has led to a more intensive approach to supervision and oversight, increased expectations of authorised firms and their senior management and enhanced regulatory requirements. For example, the FCA business plan for 2023/2024 confirms the FCA's commitment to becoming a more assertive, adaptive and innovative regulator in light of significant and rapid change in the financial services sector.

As a result, regulatory risk will continue to require the attention of senior management who are increasingly accountable to the regulators and will consume significant levels of business resources. Furthermore, as enhanced supervisory standards are developed and implemented, this more intensive approach and the enhanced regulatory requirements, along with uncertainty and the extent of international regulatory coordination, may ultimately adversely affect the Group's business, capital and risk management strategies and/or may result in the Group deciding to modify its legal entity structure, capital and funding structures and business mix or to exit certain business activities altogether or to determine not to expand in areas despite their otherwise attractive potential.

Implementation of further regulatory developments or supervisory expectations could result in additional costs and/or could limit or restrict the way in which the Group conducts business.

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

From time to time, the International Accounting Standards Board (the "IASB") and/or the United Kingdom Endorsement Board may change UK IAS, the accounting standards that govern the preparation of the financial statements of the Group. In some cases, the Group could be required to apply a new or revised standard retrospectively, resulting in the restatement of prior period financial statements.

Any such change in the Group's accounting policies or accounting standards could materially affect its reported financial condition and results of operations. This in turn could affect the Issuer's ability to fulfil its obligations under the Notes.

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

***The Group faces risks related to changes in taxation rates or applicable tax legislation, which could materially adversely affect its financial position***

Tax risk is the risk associated with changes in corporation tax and other taxation rates, applicable tax legislation, misinterpretation of the tax legislation, and any open disputes with relevant tax authorities in relation to these or other historic transactions. Failure to manage this risk adequately could result in the Group suffering losses due to additional tax charges and other related financial costs, including interest and penalties. Such failure could also lead to potential adverse reputational damage both with the relevant tax authorities and with other external parties or stakeholders, which could then lead to a materially adverse impact on the Group's financial position.

**Environmental Risk**

*The risk that the Group contributes to or is impacted by physical or transitional risks arising from climate change or changes to the environment*

***The Group is exposed to risks relating to climate change***

Understanding and addressing the risks presented by climate change is an important topic facing financial institutions, which has achieved increasing attention from governments, regulators and wider society. With regards to the Group's business model, the risks resulting from climate change manifest in physical and transition risks with liability risks emerging from any damages incurred by the Group, its partners or customers.

Physical risks emerge due to the increased frequency of extreme weather events and longer-term shifts in climate patterns. These risks are expected to increase in severity with continued climate warming, with impacts distributed unevenly across space. At a macro level, these risks can impact the economy, for example affecting GDP growth, asset values and the profitability of various business sectors. More specifically, a direct threat to the Group is the flood risk exposure of its mortgage portfolio, where damage to both the contents and structure of properties can increase the number of loan defaults. Determining whether physical risks are accurately reflected in property values is an area that requires continual monitoring from banks. Assessments of physical risk are contingent on the availability of high-quality data, as such, absent or inaccurate data can compound the Group's risk exposure. Physical risks can also directly impact the Group's premises and those of its supply chain, causing operational disruption and unexpected costs.

Transition risks occur due to changes made by key stakeholders in the shift to a net zero future. Actions taken by the government, regulators and wider society can all become sources of transition risk to the Group's business model. These risks have the propensity to impact the finances of the Group, affecting profitability, operational costs and investor expectations. For example, continued focus on decarbonising the UK's property stock through the introduction of stricter EPC standards could reduce the values of less efficient properties and impact upon customer mortgage repayments. Lenders may face disproportionate impacts depending on the characteristics of their customer base, as customers borrowing a large percentage of their property value may be less able to invest in energy efficiency upgrades.

As customer perceptions change, a bank's approach to climate can have a significant impact on brand reputation. Failure to meet the Group's commitment to become carbon positive by 2035, by removing more carbon from the atmosphere than the Group is responsible for emitting, could cause reputational damage or lead to the bank

incurring greater costs closer to the target date. Similar risks extend to potential investments in natural capital projects, which can be costly and carry reputational risk as the value and impacts of projects come under increased scrutiny. The growth in the number of climate-related regulatory requirements also carries associated risk, with concerns arising from incompliance with regulation and mandated responsibilities. Additionally, these risks can impact the Group through its supply chain or choice of partners and can lead to the emergence of liability risks.

## **FACTORS WHICH ARE MATERIAL FOR THE PURPOSE OF ASSESSING THE MARKET RISKS ASSOCIATED WITH THE NOTES**

### ***The claims of holders of the Notes will be structurally subordinated***

The Notes are the obligations of the Issuer only. The Issuer is a holding company with no revenue generation operations of its own and conducts substantially all of its operations through its direct and indirect subsidiaries (in particular, Atom Bank). Accordingly the claims of the Noteholders under the Notes will be structurally subordinated to the claims of all creditors of the Issuer's subsidiaries (including the creditors of Atom Bank). Atom Bank and the Issuer's other subsidiaries are separate and distinct legal entities from the Issuer, and have no obligation to pay any amounts due under the Notes. The Issuer's right to participate in the assets of any subsidiary if such subsidiary is liquidated will be subject to the prior claims of such subsidiary's creditors and any preference shareholders (except in the circumstance, and to the extent, that the Issuer is also a creditor of such subsidiary with claims that are recognised to be ranked ahead of or *pari passu* with any such claims).

Accordingly, if Atom Bank or another of the Issuer's subsidiaries were to be wound up, liquidated or dissolved, (i) Noteholders would have no right to claim in such winding up or to proceed against the assets of such subsidiary, and (ii) the Issuer would only recover any amounts (directly, or indirectly through its holdings of other subsidiaries) in the liquidation of that subsidiary in respect of (a) any debts of such subsidiary where the Issuer (directly or indirectly) is the creditor, but subject to the claims on the assets of such subsidiary of all other creditors ranking in priority to, or *pari passu* with, the Issuer (or another of its subsidiaries), and (b) its direct or indirect holding of ordinary shares in such subsidiary, if and to the extent that any surplus assets remain following payment in full of the claims of all creditors and preference shareholders (if any) of that subsidiary.

As well as the risk of losses in the event of a Group subsidiary's insolvency, the Issuer may suffer losses if any of its loans to, or investments in, its subsidiaries are subject to statutory write-down and conversion powers or if the subsidiary is otherwise subject to resolution proceedings. Loans to Atom Bank may contain contractual mechanisms that, upon the occurrence of a trigger related to the prudential or financial condition of the Group or Atom Bank, would automatically result in a write-down or conversion into equity of such loans, or the UK resolution authorities may elect to write down or convert such loans using resolution or capital write-down and conversion powers under the Banking Act irrespective of any such contractual provisions in certain circumstances.

The Issuer intends to on-lend the proceeds of issue of the Notes to Atom Bank by subscribing for securities to be issued by Atom Bank (the "**Intra Group Notes**"), in a form which is eligible to count towards Tier 2 Capital of Atom Bank. As such, the Intra-Group Notes will rank below the vast majority of the liabilities of Atom Bank.

The Issuer intends that payments made by Atom Bank to the Issuer under the Intra-Group Notes would be available by the Issuer to make payments under the Notes. However, there can be no assurance that this will be the case. For example, if such Intra-Group Notes were to be written down or converted to equity instruments by the UK resolution authorities in circumstances where the Notes are not also written down or converted to equity, or if payments are made by Atom Bank under such Intra-Group Notes but the Issuer is required to utilise those funds to make payments under its other obligations, there can be no assurance that the Issuer would be able to generate sufficient funds to make payments under the Notes.

More generally, the operating performance and financial condition of Atom Bank and the Issuer's other subsidiaries, and their ability to provide funds to the Issuer (by way of interest payments, dividends or otherwise) will in turn depend, to some extent, on general economic, financial, competitive, market and other factors, including those set out above in this section "*Risk Factors*", many of which are beyond the Issuer's and Atom Bank's control. Atom Bank may not generate income and cash flow sufficient to enable the Issuer to make payments on the Notes in full or at all. Further, the ability of a subsidiary to make distributions or payments (directly or indirectly) to the Issuer, or the amount of such distributions or payments, may be materially impacted by changes in legal, accounting and/or tax requirements or guidelines over time.

Further, the Issuer retains absolute discretion to restructure any loans to, or any other investments in, any of its subsidiaries, including Atom Bank (which includes the Intra-Group Notes), at any time and for any purpose including, without limitation, in order to provide different amounts or types of capital or funding to such subsidiary as part of meeting regulatory capital, MREL and total loss absorbing capacity requirements in respect of Atom Bank and/or the Group. A restructuring of a loan or investment made by the Issuer in a Group subsidiary could include changes to any or all features of such loan, including its legal or regulatory form, how it would rank in the event of resolution and/or insolvency proceedings in relation to the Group or such subsidiary, and the inclusion of a mechanism that provides for an automatic write-down and/or conversion into equity upon specified triggers. Any restructuring of the Issuer's loans to and investments in any of the Group subsidiaries (including the Intra-Group Notes) may be implemented by the Issuer without prior notification to, or consent of, Noteholders, and may have an adverse effect on the ability of the Issuer to make payments under the Notes.

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

***The obligations of the Issuer in respect of the Notes are subordinated***

The Notes constitute unsecured and subordinated obligations of the Issuer.

On a Winding-Up, all claims in respect of the Notes will rank junior to all Senior Creditors. If, on a winding-up or dissolution of the Issuer, the assets of the Issuer are insufficient to enable the Issuer to repay the claims of more senior-ranking creditors in full, the Noteholders will lose their entire investment in the Notes. If there are sufficient assets to enable the Issuer to pay the claims of senior-ranking creditors in full but insufficient assets to enable it to pay claims in respect of its obligations in respect of the Notes and all other claims that rank *pari passu* with the Notes, Noteholders will lose some (which may be substantially all) of their investment in the Notes. Further, investors in the Notes will not be entitled to exercise any rights of set-off against the Issuer in respect of the Notes.

Although the Notes may pay a higher rate of interest than securities which are not subordinated, there is a substantial risk that investors in the Notes will lose all or some of the value of their investment should the Issuer become insolvent or subject to any of the resolution, write-down or conversion powers in the Banking Act 2009, as amended (the "**Banking Act**").

Noteholders are also subject to the provisions of the Banking Act relating to, *inter alia*, the write down of capital instruments and the bail-in of liabilities as described under "*Bank Resolution Powers apply to the Group*".

***The remedies available to Noteholders under the Notes are limited***

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



The sole remedy in the event of any non-payment of principal or interest under the Notes, subject to certain conditions as described in Condition 8, is that the Trustee, on behalf of the Noteholders may, at its discretion, or shall (if it has been indemnified and/or secured and/or prefunded to its satisfaction) if so directed by an Extraordinary Resolution of the Holders or requested in writing by the holders of at least one-quarter of the aggregate principal amount of the outstanding Notes, institute proceedings for the winding-up of the Issuer and/or prove for any payment obligations of the Issuer arising under the Notes in any Winding-Up.

The remedies under the Notes are more limited than those typically available to the Issuer's unsubordinated creditors. For further details regarding the limited remedies of the Trustee and the Noteholders, see Condition 8.

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

There is no restriction on the amount of bonds or other liabilities that the Issuer may issue, incur or guarantee and which rank senior to, or *pari passu* with, the Notes. The issue or guaranteeing of any such Notes or the inurrence of any such other liabilities may reduce the amount (if any) recoverable by Noteholders during a winding-up or administration or resolution of the Issuer and may limit the Issuer's ability to meet its obligations under the Notes. The Issuer may also issue, in the future, subordinated liabilities which rank senior to the Notes.

***The Banking Act confers substantial powers on a number of UK authorities designed to enable them to take a range of actions in relation to UK deposit taking institutions which are considered to be at risk of failing. The exercise of any of these actions in relation to the Group or the Bank could materially adversely affect the value of any Notes***

The resolution powers of the Authorities under the SRR could be exercised in relation to the Group or Atom Bank which could materially adversely affect the value of the Notes, the rights of the Noteholders or the terms of the Notes. These powers and the SRR are described further in risk factor entitled "*Bank Resolution Powers apply to the Group*".

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

***The Authorities may implement their powers prior to insolvency of the Issuer***

The purpose of the stabilisation options and the write-down and conversion power is to address the situation where all or part of a business of a relevant entity has encountered, or is likely to encounter, financial difficulties, giving rise to wider public interest concerns. Accordingly, the stabilisation options may be exercised if (i) the relevant Authority is satisfied that a relevant entity (such as the Issuer) is failing, or is likely to fail (including where the relevant entity is failing or likely to fail to meet the threshold conditions specified in FSMA), (ii) following consultation with the other Authorities, the relevant Authority determines that it is not reasonably

likely that (ignoring the stabilising options) action will be taken that will enable the relevant entity to satisfy those conditions, (iii) the Authorities consider the exercise of the stabilisation options to be necessary, having regard to certain public interest considerations (such as the stability of the UK financial system, public confidence in the UK banking system and the protection of depositors) and (iv) the relevant Authority considers that the specific resolution objectives would not be met to the same extent by the winding up of the relevant entity. It is therefore possible that one of the stabilisation options could be exercised prior to the point at which any insolvency proceedings with respect to the relevant entity could be initiated. For further information with respect to the exercise of the capital write-down tool, see “*Mandatory write-down and conversion of capital instruments may affect the Notes*”.

The preferred resolution strategy for the Group is modified insolvency, as part of which the Issuer would enter into a corporate insolvency process which is modified as necessary to ensure that the objectives of the resolution regime, notably safeguarding deposits protected by the FSCS and ensuring continuity of banking services, can be achieved despite the firm entering insolvency. Once such objectives were fully achieved, the procedure would revert to an ordinary insolvency process.

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

#### ***Various actions may be taken in relation to the Notes without the consent of the Noteholders***

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

- transferring the Notes out of the hands of the holders;
- delisting the Notes;
- writing down (which may be to nil) the Notes or converting the Notes into another form or class of securities; and/or
- modifying or disapplying certain terms of the Notes, which could include modifications to (without limitation) the maturity date (which may be to extend the maturity date), the interest provisions (including reducing the amount of interest payable, the manner in which interest is calculated and/or the scheduled interest payment dates, including by suspending payment for a temporary period), and/or the redemption provisions (including the timing of any redemption options and/or the amount payable upon redemption), and may result in the disapplication of acceleration rights or events of default under the terms of the Notes or the effect thereof.

The relevant Authorities may exercise the bail-in tool under the Banking Act to recapitalise a relevant entity in resolution by allocating losses to its shareholders and unsecured creditors (which include Noteholders) in a manner that (i) ought to respect the hierarchy of claims in an ordinary insolvency and (ii) is consistent with shareholders and creditors not receiving a less favourable treatment than they would have received in ordinary insolvency proceedings of the relevant entity (known as the “no creditor worse off” safeguard). In addition, even in circumstances where a claim for compensation is established under the “no creditor worse off” safeguard in accordance with a valuation performed after the resolution action has been taken, it is unlikely that

such compensation would be equivalent to the full losses incurred by the Noteholders in the resolution and there can be no assurance that Noteholders would recover such compensation promptly.

The bail-in tool includes the power to cancel a liability or modify the terms of contracts for the purposes of reducing or deferring the liabilities of the relevant entity under resolution and the power to convert a liability from one form or class to another. The exercise of such powers may result in the cancellation of all, or a portion, of the principal amount of, interest on, or any other amounts payable on, the Notes and/or the conversion of all or a portion of the principal amount of, interest on, or any other amounts payable on, the Notes into shares or other securities or other obligations of the Issuer or another person, including by means of a variation to the terms of the Notes.

The taking of any such actions could materially adversely affect the rights of Noteholders, and such actions (or the perception that the taking of such actions may be imminent) could materially adversely affect the price or value of their investment in the Notes and/or the ability of the Issuer to satisfy its obligations under the Notes. In such circumstances, Noteholders may have a claim for compensation under one of the compensation schemes existing under, or contemplated by, the Banking Act, but there can be no assurance that Noteholders will have such a claim or, if they do, that they would thereby recover compensation promptly or equal to any loss actually incurred.

#### ***Mandatory write-down and conversion of capital instruments may affect the Notes***

In addition to the stabilisation options which may be used in a resolution of an institution, the Banking Act requires that the relevant Authorities permanently write-down, or convert into CET1 instruments, Tier 1 capital instruments and Tier 2 capital instruments (such as the Notes) at the point of non-viability of the relevant entity and before or together with the exercise of any stabilisation power.

For the purposes of the application of such mandatory write-down and conversion power, the point of non-viability is the point at which the relevant Authority determines that the relevant entity meets the conditions for resolution (but no resolution action has yet been taken) or that the relevant entity or the group will no longer be viable unless the relevant capital instruments are written-down or converted or the relevant entity requires extraordinary public support without which, the relevant Authority determines that, the relevant entity would no longer be viable.

Noteholders may be subject to write-down or conversion into equity on application of such powers (without requiring the consent of such Noteholders), which may result in such Noteholders losing some or all of their investment. The "no creditor worse off" safeguard would not apply in relation to an application of such powers in circumstances where resolution powers are not also exercised. The exercise of such mandatory write-down and conversion power under the Banking Act could, therefore, materially adversely affect the rights of holders of Notes, and such exercise (or the perception that such exercise may be imminent) could material adversely affect the price or value of their investment in the Notes and/or the ability of the Issuer to satisfy its obligations under the Notes.

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

If the Issuer were made subject to the SRR and, notwithstanding the Bank of England's current preferred resolution strategy for the Group which is a modified bank insolvency process, a partial transfer of its business to another entity were effected, the quality of the assets and the quantum of the liabilities not transferred and remaining with the Issuer (which may include the Notes) may result in a deterioration in the creditworthiness of the Issuer and, as a result, increase the risk that it may be unable to meet its obligations in respect of the Notes and/or eventually become subject to administration or insolvency proceedings pursuant to the Banking Act. In such circumstances, Noteholders may have a claim for compensation under one of the compensation schemes existing under, or contemplated by, the Banking Act, but there can be no assurance that Noteholders

will have such a claim or, if they do, that they would thereby recover compensation promptly or equal to any loss actually incurred.

As at the date of these Admission Particulars, the Authorities have not made an instrument or order under the Banking Act in respect of the Issuer or any of its securities and there has been no indication that they will make any such instrument or order. However, there can be no assurance that this will not change and/or that Noteholders will not be adversely affected by any such order or instrument if made.

***The circumstances under which the relevant Authorities would exercise resolution powers are uncertain, which may affect the value of the Notes***

Beyond the goals of addressing banking crises pre-emptively and minimising taxpayers' exposure to losses (for example, by writing down relevant capital instruments before the injection of public funds into a financial institution), there is considerable uncertainty regarding the specific factors which the relevant Authorities would consider in deciding whether to exercise the Banking Act resolution powers with respect to the relevant financial institution and/or securities, such as the Notes, issued by that institution. While the Banking Act provides some guidance as to how and when the resolution powers may be utilised by the relevant Authorities, the Banking Act allows for discretion and there is no certainty as to how the relevant Authorities will exercise any resolution powers with respect to a financial institution and/or securities issued by that institution. As there may be many factors, including factors outside of the Issuer's control or not directly related to it, which could result in such a determination, holders of the Notes may not be able to refer to publicly available criteria in order to anticipate a potential exercise of any such resolution powers.

Accordingly, the threat of resolution powers being used may affect trading behaviour, including prices and volatility, and, as a result, the Notes are not necessarily expected to follow the trading behaviour associated with other types of securities.

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

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

The Notes are not, however, Protected Liabilities under the FSCS and, moreover, are not guaranteed or insured by any government, government agency or compensation scheme of the UK or any other jurisdiction.

***Noteholders may not require the redemption of the Notes prior to their maturity***

The Notes mature on 8 January 2035. The Issuer is under no obligation to redeem the Notes at any time prior thereto and the Noteholders have no right to require the Issuer to redeem or purchase any Notes at any time. Any redemption of the Notes prior to maturity and any purchase of any Notes by the Issuer will be subject always to the Issuer obtaining prior Supervisory Permission from the Relevant Authority and to compliance with prevailing Regulatory Capital Requirements (as further described in Condition 6(b)), and the Noteholders may not be able to sell their Notes in the secondary market (if at all) at a price equal to or higher than the price at which they purchased their Notes. Accordingly, investors in the Notes should be prepared to hold their Notes for a significant period of time.

***The Notes are subject to early redemption at the option of the Issuer during a specified period ending on the Reset Date and also upon the occurrence of certain tax and regulatory events***

Subject to the Issuer obtaining prior Supervisory Permission from the Relevant Authority and to compliance with prevailing Regulatory Capital Requirements (as further described in Condition 6(b)), the Issuer may, at its option, redeem all (but not some only) of the Notes at their principal amount plus unpaid interest accrued to but excluding the relevant redemption date (a) from and including 8 October 2029 to and including the Reset Date,

(b) if 85 per cent. or more of the aggregate principal amount of the Notes originally issued (and for these purposes, any Further Notes issued pursuant to Condition 15 shall be deemed to have been originally issued) has been purchased by the Issuer or by others for the Issuer's account and cancelled or (c) upon the occurrence of a Tax Event or a Capital Disqualification Event.

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

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

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

***The Issuer may not be liable to pay certain taxes***

All payments by or on behalf of the Issuer in respect of the Notes shall be made free and clear of, and without withholding or deduction for, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by the Relevant Jurisdiction (as at the date of these Admission Particulars, being the UK or any political subdivision or any authority thereof or therein having power to tax), unless the withholding or deduction is required by law. In that event, in respect of payments of interest (but not principal or any other amount), the Issuer will (subject to certain customary exceptions) pay such additional amounts as may be necessary in order that the net amounts received by the Noteholders in respect of payments of interest after the withholding or deduction shall equal the amounts which would have been receivable in respect of interest on the Notes in the absence of such withholding or deduction.

Potential investors should be aware that neither the Issuer nor any other person will be liable for or otherwise obliged to pay, and the relevant Noteholders will be liable for and/or pay, any tax, duty, charge, withholding or other payment whatsoever which may arise as a result of, or in connection with, the ownership, any transfer and/or any payment in respect of the Notes, except as provided for in Condition 9.

In particular, the Notes do not provide for payments of principal to be grossed up in the event withholding tax of the Relevant Jurisdiction is imposed on repayments of principal. As such, the Issuer would not be required to pay any Additional Amounts under the terms of the Notes to the extent any withholding or deduction applied to payments of principal. Accordingly, if any such withholding or deduction were to apply to any payments of principal under the Notes, Noteholders may receive less than the full amount due under the Notes and the market value of the Notes may be adversely affected.

***The interest rate on the Notes will be reset on the Reset Date, which may affect the market value of the Notes***

The Notes will initially accrue interest at a fixed rate of interest to, but excluding, the Reset Date. From, and including, the Reset Date, however, the interest rate will be reset to the Reset Rate of Interest (as described in

Condition 5). The Reset Rate of Interest could be less than the Initial Fixed Interest Rate, which could affect the amount of any interest payments under the Notes and so the market value of an investment in the Notes.

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

At any time, the Trustee may agree to the substitution in place of the Issuer as the principal debtor under the Notes of any successor in business of the Issuer, in each case subject to (i) the Issuer having obtained any requisite Supervisory Permission from the Relevant Authority, (ii) the Trustee being satisfied that such substitution is not materially prejudicial to the interests of the Noteholders and (iii) to certain other conditions set out in the Trust Deed being complied with.

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

Following the occurrence of a Tax Event or a Capital Disqualification Event, the Issuer may (subject to certain conditions) at any time substitute all (but not some only) of the Notes for, or vary the terms of the Notes so that they remain or become (as applicable), Qualifying Tier 2 Securities, without the consent of the Noteholders.

Qualifying Tier 2 Securities must have terms not materially less favourable to holders than the terms of the Notes, as reasonably determined by the Issuer in consultation with an independent investment bank or financial advisor of international standing. However, there can be no assurance that, due to the particular circumstances of a holder of Notes, such Qualifying Tier 2 Securities will be as favourable to each investor in all respects or that, if it were entitled to do so, a particular investor would make the same determination as the Issuer as to whether the terms of the Qualifying Tier 2 Securities are not materially less favourable to holders than the terms of the Notes.

The Conditions contain provisions which may permit their modification without the consent of all investors and confer significant discretions on the Trustee which may be exercised without the consent of the Noteholders and without regard to the individual interests of particular Noteholders.

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

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

In addition, the Trustee may agree, without the consent of the Noteholders, to make any modification to any of the Conditions or any of the provisions of the Trust Deed or the Agency Agreement that: (i) in the opinion of the Trustee, subject to the provisions of the Trust Deed, is not materially prejudicial to the interests of the Noteholders; or (ii) in its opinion, is of a formal, minor or technical nature or to correct a manifest error. Any such modification shall be binding on the Noteholders.

***Because the Notes are held by or on behalf of Euroclear and Clearstream, Luxembourg, investors will have to rely on the clearing system procedures for transfer, payment and communication with the Issuer***

The Notes will, upon issue, be represented by a Global Certificate that will be deposited with, and registered in the name of a nominee for, a common depositary for Euroclear and Clearstream, Luxembourg. Euroclear and Clearstream, Luxembourg will maintain records of the beneficial interests in the Global Certificate. While the Notes are in global form, investors will be able to trade their beneficial interests only through Euroclear or Clearstream, Luxembourg, as the case may be.

While the Notes are in global form, the payment obligations of the Issuer under the Notes will be discharged upon such payments being made by or on behalf of the Issuer to or to the order of the nominee for the common depositary. A holder of a beneficial interest in a Note must rely on the procedures of Euroclear and/or Clearstream, Luxembourg, as the case may be, to receive payments under the Notes. The Issuer does not have any responsibility or liability for the records relating to, or payments made in respect of, beneficial interests in the Global Certificate.

***Integral multiples of less than £100,000***

The denomination of the Notes will be £100,000 and integral multiples of £1,000 in excess thereof. Accordingly, it is possible that the Notes may be traded in the clearing systems in amounts in excess of £100,000 that are not integral multiples of £100,000. Should Certificates be required to be issued, they will be issued in principal amounts of £100,000 and higher integral multiples of £1,000 but will in no circumstances be issued to Noteholders who hold Notes in the Relevant Clearing System (as defined in these Admission Particulars) in amounts that are less than £100,000. Accordingly, any Noteholder who holds an amount which is less than £100,000 in principal amount of the Notes in his account with the Relevant Clearing System at the relevant time may not receive a Certificate (should Certificates be printed) in respect of such holding. Such a Noteholder would need to purchase a principal amount of Notes such that its holding amounts to £100,000 in order to receive a Certificate.

If Certificates are issued, Noteholders should be aware that definitive Notes which have a denomination that is not an integral multiple of £100,000 may be illiquid and difficult to trade.

***Change of law***

The Conditions will be governed by the laws of England. No assurance can be given as to the impact of any possible judicial decision or change to the laws of England or administrative practice after the date of these Admission Particulars and any such change could materially adversely impact the value of any Notes affected by it. Such changes in law may include changes in statutory, tax and regulatory regimes during the life of the Notes, which may have an adverse effect on an investment in the Notes.

In addition, any changes in law or regulations that trigger a Tax Event or a Capital Disqualification Event would, subject to Condition 6(b), entitle the Issuer, at its option, to redeem all, but not some only of the Notes, as more particularly described under Conditions 6(d) and 6(e), respectively, or to substitute the Notes or vary the terms of the Notes so that they remain or become Qualifying Tier 2 Securities as provided under Condition 6(f).

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

Furthermore, the financial services industry continues to be the focus of significant regulatory change and scrutiny which may adversely affect the Group's business, financial performance, capital and risk management strategies. Such regulatory changes, and the resulting actions taken to address such regulatory changes, may have an adverse impact on the Group's, and therefore the Issuer's performance and financial condition. It is not yet possible to predict the detail of such legislation or regulatory rulemaking or the ultimate consequences to the Group or the Noteholders, which could be material.

***Noteholders agree to be bound by the exercise of UK Statutory Loss Absorption Powers by the Relevant Resolution Authority***

In recognition of the resolution powers granted by law to the Relevant Resolution Authority, by acquiring the Notes, each Holder will acknowledge and accept that the amounts due in respect of the Notes may be subject to the exercise of UK Statutory Loss Absorption Powers and will acknowledge, accept, consent and agree to be

bound by the effect of the exercise of any UK Statutory Loss Absorption Powers by the Relevant Resolution Authority, that may result in (i) the reduction of all, or a portion, of the amounts due in respect of the Notes; (ii) the conversion of all, or a portion, of the amounts due in respect of the Notes into shares or other securities or other obligations of the Issuer or another person (and the issue to or conferral on the Noteholder of such shares or other securities or obligations), including by means of an amendment, modification or variation of the terms of the Notes; (iii) the cancellation of the Notes or the amounts due in respect of the Notes; (iv) the amendment or alteration of the maturity of the Notes or amendment of the amount of interest payable on the Notes, or the dates on which interest becomes payable, including by suspending payment for a temporary period. Each Noteholder will further acknowledge, accept, consent and agree to be bound by the variation of the terms of the Notes, as deemed necessary by the Relevant Resolution Authority, to give effect to the exercise of UK Statutory Loss Absorption Powers by the Relevant Resolution Authority.

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

## **Risks Related to the Market Generally**

### ***The secondary market generally***

The Notes represent a new security for which no secondary trading market currently exists and there can be no assurance that one will develop. If a market does develop, it may not be very liquid and may be sensitive to changes in financial markets. Therefore, investors may not be able to sell their Notes easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market. Illiquidity may have a severely adverse effect on the market value of Notes.

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

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

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



Moreover, although the Issuer and any subsidiary of the Issuer can (subject to Supervisory Permission and compliance with prevailing Regulatory Capital Requirements, as described further at Condition 6(b)) purchase Notes at any time, they have no obligation to do so. Purchases made by the Issuer could affect the liquidity of the secondary market of the Notes and thus the price and the conditions under which investors can negotiate these Notes on the secondary market.

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

Although an application has been made for the Notes to be admitted to trading on the ISM, there is no assurance that such application will be accepted or that an active trading market will develop.

#### ***Exchange rate risks and exchange controls***

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

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

#### ***Interest rate risks***

An investment in the Notes, which bear interest at a fixed rate (reset on the Reset Date), involves the risk that subsequent changes in market interest rates may adversely affect their value. The rate of interest will be reset on the Reset Date, and as such the reset rate is not pre-defined at the date of issue of the Notes; it may be different from the initial rate of interest and may adversely affect the yield of the Notes.

## TERMS AND CONDITIONS OF THE NOTES

*The following is the text of the terms and conditions that, subject to completion and amendment, shall be applicable to the Notes in definitive form (if any) issued in exchange for the Global Certificate.*

The issue of the £50,000,000 11.500 per cent. Fixed Rate Reset Callable Subordinated Notes due 2035 (the “**Notes**”, which expression shall in these terms and conditions (the “**Conditions**”), unless the context otherwise requires, include any Further Notes issued pursuant to Condition 15) of Atom Holdco Limited (the “**Issuer**”) was authorised by a resolution of the Board of Directors of the Issuer passed on 25 June 2024 and a resolution of a sub-committee of the Board of Directors of the Issuer passed on 2 September 2024.

The Notes are constituted by a trust deed (as modified and/or supplemented and/or restated from time to time, the “**Trust Deed**”) dated 8 October 2024 between the Issuer and Citibank, N.A., London Branch (the “**Trustee**”, which expression shall include all persons for the time being and from time to time appointed as the trustee or trustees under the Trust Deed,) as trustee for the Holders (as defined below). These Conditions include summaries of, and are subject to, the detailed provisions of the Trust Deed, which includes the forms of the Notes.

Copies of the Trust Deed and of the agency agreement (the “**Agency Agreement**”) dated 8 October 2024 relating to the Notes between the Issuer, Citibank, N.A., London Branch as the initial principal paying agent (the “**Principal Paying Agent**”, which expression shall include any successor or replacement principal paying agent appointed by the Issuer under the Agency Agreement from time to time), as the initial agent bank (the person for the time being the agent bank under the Agency Agreement, the “**Agent Bank**”, which expression shall include any successor or replacement agent bank appointed by the Issuer under the Agency Agreement from time to time), as the initial transfer agent (the “**Transfer Agent**”, which expression shall include any successor or replacement transfer agent appointed by the Issuer under the Agency Agreement from time to time), and as the initial registrar (the “**Registrar**”, which expression shall include any successor or replacement registrar appointed by the Issuer under the Agency Agreement from time to time), and the Trustee, (i) are available for inspection during usual business hours at the principal office of the Trustee (being at the Issue Date at Citigroup Centre, Canada Square, Canary Wharf, London E14 5LB) and at the specified offices of the Principal Paying Agent, the Registrar and the Transfer Agent or (ii) may be provided by email to a Noteholder following their prior written request to the Trustee or the Principal Paying Agent, in each case upon provision of proof of holding of Notes and identity (in a form satisfactory to the Trustee or, as the case may be, the relevant Agent) and subject to the Trustee and/or the relevant Agent (as applicable) being supplied by the Issuer with electronic copies.

The Holders are entitled to the benefit of, are bound by, and are deemed to have notice of, all the provisions of the Trust Deed and are deemed to have notice of those provisions applicable to them of the Agency Agreement.

### 1 Form, Denomination and Title

#### (a) Form and Denomination

The Notes are serially numbered in the denominations of £100,000 and integral multiples of £1,000 in excess thereof.

The Notes are represented by registered certificates (“**Certificates**”) and, save as provided in Condition 2(a), each Certificate shall represent the entire holding of Notes by the same Holder.

#### (b) Title

Title to the Notes shall pass by registration in the register that the Issuer shall procure to be kept by the Registrar in accordance with the provisions of the Agency Agreement (the “**Register**”). Except as

ordered by a court of competent jurisdiction or as required by law, the Holder of any Note shall be deemed to be and may be treated as its absolute owner for all purposes whether or not it is overdue and regardless of any notice of ownership, trust or an interest in it, any writing on the Certificate representing it or the theft or loss of such Certificate and no person shall be liable for so treating the Holder.

In these Conditions, “**Noteholder**” or “**Holder**” means the person in whose name a Note is registered in the Register.

## **2 Transfers of Notes**

### **(a) Transfer**

A holding of Notes may, subject to Condition 2(d), be transferred in whole or in part upon the surrender (at the specified office of the Registrar or the Transfer Agent) of the Certificate(s) representing such Notes to be transferred, together with the form of transfer endorsed on such Certificate(s), duly completed and executed and any other evidence as the Registrar or Transfer Agent may reasonably require. In the case of a transfer of part only of a holding of Notes represented by one Certificate, a new Certificate shall be issued to the transferee in respect of the part transferred and a further new Certificate in respect of the balance of the holding not transferred shall be issued to the transferor. In the case of a transfer of Notes to a person who is already a Noteholder, a new Certificate representing the enlarged holding shall only be issued against surrender of the Certificate representing the existing holding. All transfers of Notes and entries in the Register will be made in accordance with the detailed regulations concerning transfers of Notes scheduled to the Agency Agreement. The regulations may be changed by the Issuer, with the prior written approval of the Registrar, the Transfer Agent and the Trustee. A copy of the current regulations will be made available by the Registrar to any Noteholder upon request in writing upon provision of proof of holding of Notes and identity (in a form satisfactory to the Registrar).

### **(b) Delivery of New Certificates**

Each new Certificate to be issued pursuant to Condition 2(a) shall be available for delivery within three business days of receipt of a duly completed and executed form of transfer and surrender of the existing Certificate(s). Delivery of the new Certificate(s) shall be made at the specified office of the Transfer Agent or of the Registrar (as the case may be) to whom delivery or surrender of such form of transfer or Certificate(s) shall have been made or, at the option of the Holder making such delivery or surrender as aforesaid and as specified in the relevant form of transfer or otherwise in writing, be mailed by uninsured post at the risk of the Holder entitled to the new Certificate to such address as may be so specified, unless such Holder requests otherwise and pays in advance to the Transfer Agent or the Registrar (as the case may be) the costs of such other method of delivery and/ or such insurance as it may specify. In this Condition 2(b), “**business day**” means a day, other than a Saturday or Sunday, on which banks are open for business in the place of the specified office of the Transfer Agent or the Registrar (as the case may be).

### **(c) Transfer Free of Charge**

Certificates, on transfer, shall be issued and registered without charge by or on behalf of the Issuer, the Registrar or the Transfer Agent, but upon payment of any tax or other governmental charges that may be imposed in relation to such transfer (or the giving of such indemnity as the Registrar or the Transfer Agent may require).

**(d) Closed Periods**

No Noteholder may require the transfer of a Note to be registered (i) during the period of 15 days ending on (and including) the due date for redemption or substitution of that Note pursuant to Condition 6, or (ii) during the period of seven days ending on (and including) any Record Date.

**3 Status**

The Notes constitute direct and unsecured and unguaranteed obligations of the Issuer and rank *pari passu* and without any preference among themselves. The rights and claims of Holders in respect of, or arising under, their Notes (including any damages awarded for breach of obligations in respect thereof) are subordinated as described in Condition 4.

**4 Subordination**

**(a) Winding-Up**

If a Winding-Up occurs, the rights and claims of the Holders (and of the Trustee on their behalf) against the Issuer in respect of, or arising under, each Note shall be for (in lieu of any other payment by the Issuer) an amount equal to the principal amount of the relevant Note, together with, to the extent not otherwise included within the foregoing, any other amounts attributable to such Note, including any accrued and unpaid interest thereon and any damages awarded for breach of any obligations in respect thereof, provided however that such rights and claims shall be subordinated as provided in this Condition 4(a) and in the Trust Deed to the claims of all Senior Creditors but shall rank (i) at least *pari passu* with the claims of holders of all other subordinated obligations of the Issuer which constitute, or would but for any applicable limitation on the amount of such capital constitute, Tier 2 Capital and (ii) in priority to the claims of holders of all obligations of the Issuer which constitute, or would but for any applicable limitation on the amount of such capital constitute, Tier 1 Capital and all obligations which rank, or are expressed to rank, *pari passu* therewith and to the claims of holders of all classes of share capital of the Issuer.

**(b) Set-off**

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

**5 Interest Payments**

**(a) Interest Rate**

The Notes bear interest at the applicable Interest Rate from (and including) the Issue Date in accordance with the provisions of this Condition 5.

Interest shall be payable on the Notes semi-annually in arrear on each Interest Payment Date (in respect of each Interest Period ending prior to the Reset Date, in an amount of £57.50 per Calculation Amount) as provided in this Condition 5, save that the first payment of interest, to be made on 8 January 2025, will be in an amount of £28.75 per Calculation Amount in respect of the period from (and including) the Issue Date to (but excluding) 8 January 2025, representing a short first interest period.

Where it is necessary to compute an amount of interest in respect of any Note for a period which is less than a full Interest Period, the relevant day-count fraction shall be determined on the basis of the number of days in the relevant period, from and including the date from which interest begins to accrue to but excluding the date on which it falls due, divided by the product of (1) the actual number of days in the Interest Period in which the relevant period falls (including the first such day but excluding the last) (or, if the relevant period falls within the first Interest Period, the actual number of days from and including 8 July 2024 to but excluding the first Interest Payment Date) and (2) the number of Interest Periods normally ending in any year.

*(b)* **Interest Accrual**

The Notes will cease to bear interest from (and including) the due date for redemption thereof or the date of substitution thereof, in each case pursuant to Condition 6, as the case may be, unless, upon surrender of the Certificate representing any Note, payment of all amounts due in respect of such Note is not properly and duly made, in which event interest shall continue to accrue on the Notes, both before and after judgment, and shall be payable, as provided in these Conditions up to (but excluding) the Relevant Date. Interest in respect of any Note shall be calculated per Calculation Amount and the amount of interest per Calculation Amount shall be equal to the product of the Calculation Amount, the relevant Interest Rate and the day-count fraction as described in Condition 5(a) for the relevant period, rounding the resultant figure to the nearest penny (half a penny being rounded upwards). The amount of interest payable in respect of each Note, is the aggregate of the amounts (calculated as aforesaid) for each Calculation Amount comprising the denomination of the Note.

*(c)* **Initial Fixed Interest Rate**

For the Initial Fixed Rate Interest Period, the Notes bear interest at the rate of 11.500 per cent. per annum (the “**Initial Fixed Interest Rate**”).

*(d)* **Reset Rate of Interest**

The Interest Rate will be reset (the “**Reset Rate of Interest**”) in accordance with this Condition 5 on the Reset Date. The Reset Rate of Interest will be determined by the Agent Bank on the Reset Determination Date as the sum of the Reset Reference Rate and the Margin.

*(e)* **Determination of Reset Rate of Interest**

The Agent Bank will, as soon as practicable after 11.00 a.m. (London time) on the Reset Determination Date, subject to receipt from the Issuer of the Gilt Yield Quotations as provided to the Issuer by any Reset Reference Banks, determine the Reset Rate of Interest in respect of the Reset Period. The determination of the Reset Rate of Interest by the Agent Bank shall (in the absence of manifest error) be final and binding upon the Issuer, the Agents, the Trustee and the Holders.

*(f)* **Publication of Reset Rate of Interest**

The Agent Bank shall cause notice of the Reset Rate of Interest determined in accordance with this Condition 5 in respect of the Reset Period to be given to the Trustee, the Principal Paying Agent, the Registrar, the Transfer Agent, any stock exchange on which the Notes are for the time being listed or

admitted to trading and, in accordance with Condition 14, the Holders, in each case as soon as practicable after its determination but in any event not later than the fourth Business Day thereafter.

If the Notes become due and payable pursuant to Condition 8(a), the accrued interest per Calculation Amount and the Reset Rate of Interest payable in respect of the Notes shall nevertheless continue to be calculated as previously by the Agent Bank in accordance with this Condition 5 but no publication of the Reset Rate of Interest need be made unless the Trustee otherwise requires.

**(g) Agent Bank and Reset Reference Bank**

Whenever a function expressed in these Conditions to be performed by the Agent Bank and the Reset Reference Banks falls to be performed, the Issuer will maintain an Agent Bank and the number of Reset Reference Banks provided below.

The name of the initial Agent Bank is set out in the preamble to these Conditions. The Issuer may, with the prior written approval of the Trustee, from time to time replace the Agent Bank or any Reset Reference Bank with another leading investment or commercial bank or financial institution in London. If the Agent Bank is unable or unwilling to continue to act as the Agent Bank or fails duly to determine the Reset Rate of Interest in respect of the Reset Period as provided in Condition 5(d), the Issuer shall forthwith appoint another leading investment or commercial bank or financial institution in London approved in writing by the Trustee to act as such in its place. The Agent Bank may not resign its duties or be removed without a successor having been appointed as aforesaid.

**(h) Determinations of Agent Bank Binding**

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

## **6 Redemption, Substitution, Variation and Purchase**

**(a) Final Redemption**

Unless previously redeemed, purchased and cancelled or (pursuant to Condition 6(f)) substituted, the Notes will be redeemed at their principal amount, together with accrued and unpaid interest on 8 January 2035 (the “**Maturity Date**”). The Notes may not be redeemed at the option of the Issuer other than in accordance with this Condition.

**(b) Conditions to Redemption, Substitution, Variation and Purchase**

Any redemption or purchase of the Notes or substitution or variation of the terms of the Notes, in each case in accordance with Conditions 6(c), (d), (e), (f) or (g) is subject to the condition(s) that:

- (i) the Issuer has obtained prior Supervisory Permission therefor and such Supervisory Permission has not been revoked by the relevant date of such redemption, purchase, substitution or variation;
- (ii) in the case of any redemption or purchase of any Notes (other than any purchase prior to the fifth anniversary of the Reference Date pursuant to Condition 6(g) or a redemption pursuant to Condition 6(c)(ii)), if and to the extent then required under prevailing Regulatory Capital Requirements, either: (A) the Issuer has (or will on or before the relevant redemption or purchase date, have) replaced the Notes with own funds instruments of equal or higher quality at terms that

are sustainable for the income capacity of the Issuer; or (B) the Issuer has demonstrated to the satisfaction of the Relevant Authority that the own funds and, as applicable, eligible liabilities of the Issuer Group would, following such redemption or purchase, exceed its minimum applicable capital and eligible liabilities requirements (including any applicable buffer requirements) by a margin (calculated in accordance with prevailing Regulatory Capital Requirements) that the Relevant Authority considers necessary at such time;

- (iii) in the case of any redemption of the Notes prior to the fifth anniversary of the Reference Date, if and to the extent then required under prevailing Regulatory Capital Requirements in the case of redemption upon a Tax Event, the Issuer has demonstrated to the satisfaction of the Relevant Authority that the applicable change in tax treatment is material and was not reasonably foreseeable as at the Reference Date;
- (iv) in the case of any redemption of the Notes prior to the fifth anniversary of the Reference Date upon the occurrence of a Capital Disqualification Event, the Issuer has demonstrated to the satisfaction of the Relevant Authority that the relevant change in the regulatory classification of the Notes was not reasonably foreseeable as at the Reference Date; and
- (v) in the case of any purchase or redemption of the Notes prior to the fifth anniversary of the Reference Date pursuant to Condition 6(g) or 6(c)(ii) respectively, either (A) the Issuer has, before or at the same time as such purchase or redemption, replaced the Notes with own funds instruments of equal or higher quality at terms that are sustainable for the income capacity of the Issuer, and the Relevant Authority has permitted such action on the basis of the determination that it would be beneficial from a prudential point of view and justified by exceptional circumstances or (B) in the case of a purchase pursuant to Condition 6(g), the relevant Notes are being purchased for market-making purposes in accordance with applicable Regulatory Capital Requirements.

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

Notwithstanding the above conditions, if, at the time of any redemption, substitution, variation or purchase, the prevailing Regulatory Capital Requirements permit the redemption, substitution, variation or purchase of the Notes only after compliance with one or more alternative or additional pre-conditions to those set out above in this Condition 6(b), the Issuer shall comply with such other and/or, as appropriate, additional pre-condition(s).

Prior to the publication of any notice of substitution, variation or redemption pursuant to this Condition 6 (other than redemption pursuant to Condition 6(c)(i)), the Issuer shall deliver to the Trustee (i) a certificate signed by two Authorised Signatories stating that the relevant requirements or circumstances giving rise to the right to redeem, substitute or, as appropriate, vary are satisfied and, in the case of a substitution or variation pursuant to this Condition 6, stating that the terms of the relevant Qualifying Tier 2 Securities will, following such substitution or variation (as applicable), comply with the definition thereof in Condition 19 and (ii) in the case of a redemption pursuant to Condition 6(d) only, an opinion from a nationally recognised law firm or other tax adviser in the United Kingdom experienced in such matters to the effect that the relevant requirement or circumstance referred to in any of paragraphs (i) to (v) (inclusive) of the definition of “Tax Event” applies (but, for the avoidance of doubt, such opinion shall not be required to comment on the ability of the Issuer to avoid such circumstance by taking measures reasonably available to it) and the Trustee shall, in the absence of manifest error, accept such certificate and, if applicable, opinion as sufficient evidence of the satisfaction of the relevant conditions precedent, in which event it shall be conclusive and binding on the Holders (it being declared that the

Trustee may rely absolutely on such certification and, if applicable, opinion without liability to any person and without any obligation to verify or investigate the accuracy thereof).

**(c) Issuer's Call Options**

- (i) Subject to Condition 6(b), the Issuer may, by giving not less than 15 nor more than 60 days' notice to the Holders in accordance with Condition 14, the Trustee, the Registrar and the Principal Paying Agent (which notice shall, save as provided in Condition 6(b), be irrevocable and shall specify the date fixed for redemption), elect to redeem in accordance with these Conditions all, but not some only, of the Notes at any time from and including 8 October 2029 to and including the Reset Date at their principal amount, together with any unpaid interest accrued to (but excluding) the date fixed for redemption. Upon the expiry of such notice, the Issuer shall, subject to Condition 6(b), redeem the Notes.
- (ii) If, prior to giving the notice referred to below in this Condition 6(c)(ii), 85 per cent. or more of the aggregate principal amount of the Notes originally issued (and, for these purposes, any Further Notes issued pursuant to Condition 15 shall be deemed to have been originally issued) has been purchased by the Issuer or by others for the Issuer's account and cancelled, then the Issuer may, subject to Condition 6(b), by giving not less than 15 nor more than 60 days' notice to the Holders in accordance with Condition 14, the Trustee, the Registrar and the Principal Paying Agent (which notice shall, save as provided in Condition 6(b), be irrevocable and shall specify the date fixed for redemption) elect to redeem in accordance with these Conditions at any time all, but not some only, of the Notes at their principal amount, together with any accrued and unpaid interest thereon to (but excluding) the date fixed for redemption. Upon the expiry of such notice, the Issuer shall, subject to Condition 6(b), redeem the Notes.

**(d) Redemption Due to Taxation**

If, prior to the giving of the notice referred to in this Condition 6(d), a Tax Event has occurred, then the Issuer may, subject to Condition 6(b) and having given not less than 15 nor more than 60 days' notice to the Holders in accordance with Condition 14, the Trustee, the Registrar, the Principal Paying Agent (which notice shall, save as provided in Condition 6(b), be irrevocable and shall specify the date fixed for redemption), elect to redeem in accordance with these Conditions at any time all, but not some only, of the Notes at their principal amount, together with any unpaid interest accrued to (but excluding) the date fixed for redemption. Upon the expiry of such notice, the Issuer shall, subject to Condition 6(b), redeem the Notes.

**(e) Redemption for Regulatory Purposes**

If, prior to the giving of the notice referred to in this Condition 6(e), a Capital Disqualification Event has occurred, then the Issuer may, subject to Condition 6(b) and having given not less than 15 nor more than 60 days' notice to the Holders in accordance with Condition 14, the Trustee, the Registrar and the Principal Paying Agent (which notice shall, save as provided in Condition 6(b), be irrevocable and shall specify the date fixed for redemption), elect to redeem in accordance with these Conditions at any time all, but not some only, of the Notes at their principal amount, together with any unpaid interest accrued to (but excluding) the date fixed for redemption. Upon the expiry of such notice, the Issuer shall, subject to Condition 6(b), redeem the Notes.

**(f) Substitution or Variation**

If a Tax Event or a Capital Disqualification Event has occurred, then the Issuer may, subject to Condition 6(b) and having given not less than 15 nor more than 60 days' notice to the Holders in accordance with Condition 14, the Trustee, the Registrar and the Principal Paying Agent (which notice shall, save as



provided in Condition 6(b), be irrevocable and shall specify the date fixed for substitution or variation, as the case may be, of the Notes) but without any requirement for the consent or approval of the Holders, at any time (whether before or following the Reset Date) either substitute all (but not some only) of the Notes for, or vary the terms of the Notes so that they remain or, as appropriate, become, Qualifying Tier 2 Securities, and the Trustee shall (subject to the following provisions of this Condition 6(f) and subject to the receipt by it of the certificates of the Authorised Signatories referred to in Condition 6(b) above and in the definition of Qualifying Tier 2 Securities) agree to such substitution or variation. Upon the expiry of such notice, the Issuer shall, subject to Condition 6(b) and the following provisions of this Condition 6(f), either vary the terms of or substitute the Notes in accordance with this Condition 6(f), as the case may be. The Trustee shall, at the request of the Issuer, use its reasonable endeavours to assist the Issuer in the substitution of the Notes for, or the variation of the terms of the Notes so that they remain, or as appropriate, become, Qualifying Tier 2 Securities, provided that the Trustee shall not be obliged to participate in, assist with, or agree to, any such substitution or variation if the terms of the proposed Qualifying Tier 2 Securities or the participation in or assistance with such substitution or variation would, in the Trustee's opinion, impose more onerous obligations or duties upon it or reduce its rights or protections or expose it to any liabilities against which it has not been indemnified and/or secured and/or prefunded to its satisfaction. If, notwithstanding the above, the Trustee does not participate or assist as provided above, the Issuer may, subject as provided above, redeem the Notes as provided in, as appropriate, Condition 6(d) or (e).

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

**(g) Purchases**

The Issuer may, subject to Condition 6(b), in the circumstances permitted by Regulatory Capital Requirements at any time purchase (or otherwise acquire), or procure others to purchase (or otherwise acquire) beneficially for its account, Notes in any manner and at any price. The Notes so purchased (or acquired), while held by or on behalf of the Issuer, shall not entitle the Holder to vote at any meetings of the Noteholders and shall be deemed not to be outstanding for the purposes of calculating quorums at meetings of the Noteholders or for the purposes of Condition 8(c).

**(h) Cancellation**

All Notes redeemed or substituted by the Issuer pursuant to this Condition 6 will forthwith be cancelled. All Notes purchased by or on behalf of the Issuer may, at the option of the Issuer and subject to obtaining any Supervisory Permission therefor, be held, reissued, resold or, at the option of the Issuer, surrendered for cancellation to the Registrar. Notes so surrendered, shall be cancelled forthwith. Any Notes so surrendered for cancellation may not be reissued or resold and the obligations of the Issuer in respect of any such Notes shall be permanently and irrevocably discharged.

**(i) Trustee Not Obligated to Monitor**

The Trustee shall not be under any duty to monitor whether any event or circumstance has happened or exists for the purposes of this Condition 6 and will not be responsible to Holders for any loss arising from any failure by it to do so. Unless and until the Trustee has actual written notice of the occurrence of any event or circumstance within this Condition 6, it shall be entitled to assume that no such event or circumstance exists.

## **7 Payments**

**(a) Method of Payment**

- (i) Payments of principal shall be made (subject to surrender of the relevant Certificates at the specified office of any of the Paying Agents if no further payment falls to be made in respect of the Notes represented by such Certificates) in like manner as provided for payments of interest in paragraph (ii) below.
- (ii) Interest on each Note shall be paid to the person shown in the Register at the close of business on the Business Day before the due date for payment thereof (the “**Record Date**”). Payments of interest on each Note shall be made in pounds sterling by transfer to a pounds sterling account maintained by the payee with a bank in London.

**(b) Payments Subject to Laws**

Save as provided in Condition 9, payments will be subject in all cases to any applicable fiscal or other laws, regulations and directives in the place of payment or other laws or regulations to which the Issuer or the Agents agree to be subject and the Issuer will not be liable for any taxes or duties of whatever nature imposed or levied by such laws, regulations, directives or agreements. No commissions or expenses shall be charged to the Holders in respect of such payments.

**(c) Payments on Business Days**

Payment is to be made by transfer to an account in pounds sterling, and payment instructions (for value the due date, or if that date is not a Business Day, for value the first following day which is a Business Day) will be initiated on the last day on which the Principal Paying Agent is open for business preceding the due date for payment or, in the case of payments of principal where the relevant Certificate has not been surrendered at the specified office of any of the Paying Agents, on a day on which the Principal Paying Agent is open for business and on which the relevant Certificate is surrendered.

**(d) Delay in Payment**

Noteholders will not be entitled to any interest or other payment for any delay after the due date in receiving the amount due on a Note if the due date is not a Business Day or if the Noteholder is late in surrendering or cannot surrender its Certificate (if required to do so).

**(e) Non-Business Days**

If any date for payment in respect of any Note is not a Business Day, the Holder shall not be entitled to payment until the next following Business Day nor to any interest or other sum in respect of such postponed payment. In this Condition 7, “**Business Day**” means a day (other than a Saturday or a Sunday) on which banks and foreign exchange markets are open for business in London and, in the case of a surrender of a Certificate, in the place where such Certificate is surrendered.

## **8 Default**

**(a) Default**

If the Issuer shall not make payment in respect of the Notes (in the case of payment of principal) for a period of seven days or more or (in the case of any interest payment or any other amount (other than principal) in respect of the Notes) for a period of 14 days or more, in each case after the date on which such payment is due, the Issuer shall be deemed to be in default under the Trust Deed and the Notes and the Trustee in its discretion may, or (subject to Condition 8(c)) if so directed by an Extraordinary Resolution of the Holders or requested in writing by the Holders of at least one-quarter in principal amount of the Notes then outstanding shall, notwithstanding the provisions of Condition 8(b), institute proceedings for the winding-up of the Issuer.

In the event of a Winding-Up (whether or not instituted by the Trustee pursuant to the foregoing), the Trustee in its discretion may, or (subject to Condition 8(c)) if so directed by an Extraordinary Resolution of the Holders or requested in writing by the Holders of at least one-quarter in principal amount of the Notes then outstanding shall, prove and/or claim in such Winding-Up, such claim being for such amount, and being subordinated in the manner, as contemplated in Condition 4(a).

**(b) Enforcement**

Without prejudice to Condition 8(a), the Trustee may at its discretion and without notice institute such steps, actions or proceedings against the Issuer as it may think fit to enforce any term or condition binding on the Issuer under the Trust Deed or the Notes (other than any payment obligation of the Issuer under or arising from the Notes or the Trust Deed, including, without limitation, payment of any principal or interest in respect of the Notes, including any damages awarded for breach of any obligations, but excluding any payments made to the Trustee acting on its own account under the Trust Deed in respect of its costs (including legal fees), charges, expenses, liabilities or remuneration), provided that in no event shall the Issuer, by virtue of the institution of any such steps, actions or proceedings, be obliged to pay any sum or sums, in cash or otherwise, sooner than the same would otherwise have been due and payable by it pursuant to these Conditions and the Trust Deed. Nothing in this Condition 8(b) shall, however, prevent the Trustee instituting proceedings for the winding-up of the Issuer and/or proving and/or claiming in any Winding-Up in respect of any payment obligations of the Issuer arising from the Notes or the Trust Deed (including any damages awarded for breach of any obligations) in the circumstances provided in, as appropriate, Conditions 4(a) and 8(a).

**(c) Entitlement of Trustee**

The Trustee shall not be bound to take any of the actions referred to in Condition 8(a) or (b) above against the Issuer to enforce the terms of the Trust Deed or the Notes or any other action under or pursuant to the Trust Deed unless (i) it shall have been so directed by an Extraordinary Resolution of the Holders or requested in writing by the Holders of at least one-quarter in principal amount of the Notes then outstanding and (ii) it shall have been indemnified and/or secured and/or prefunded to its satisfaction.

**(d) Right of Holders**

No Holder shall be entitled to proceed directly against the Issuer or to institute proceedings for the winding-up of the Issuer or prove or claim in any Winding-Up unless the Trustee, having become so bound to proceed or being able to prove or claim in such Winding-Up, fails or is unable to do so within a period of 60 days and such failure or inability shall be continuing, in which case the Holder shall, with respect to the Notes held by it, have only such rights against the Issuer as those which the Trustee is entitled to exercise in respect of such Notes as set out in this Condition 8.

**(e) Extent of Holders' Remedy**

No remedy against the Issuer, other than as referred to in this Condition 8, shall be available to the Trustee or the Holders, whether for the recovery of amounts owing in respect of the Notes or under the Trust Deed or in respect of any breach by the Issuer of any of its other obligations under or in respect of the Notes or under the Trust Deed.

## **9 Taxation**

All payments of principal, interest and any other amounts by or on behalf of the Issuer in respect of the Notes shall be made free and clear of, and without withholding or deduction for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or

assessed by the Relevant Jurisdiction, unless such withholding or deduction is required by law. In that event, in respect of payments of interest (but not principal or any other amount), the Issuer will pay such additional amounts (“**Additional Amounts**”) as may be necessary in order that the net amounts received by the Noteholders in respect of those payments of interest after the withholding or deduction shall equal the amounts which would have been received by them in respect of payments of interest on the Notes had no such withholding or deduction been required, except that no such Additional Amounts shall be payable in respect of any Note:

- (a) held by or on behalf of a Holder who is liable to such taxes, duties, assessments or governmental charges in respect of such Note by reason of its having some connection with the Relevant Jurisdiction otherwise than merely by holding such Note or by the receipt of amounts in respect of such Note; or
- (b) to, or to a third party on behalf of a Holder who could lawfully avoid (but has not so avoided) such withholding or deduction by making (or procuring that a third party makes) a declaration of non-residence or other similar claim for exemption to the relevant tax authority in the place where the Certificate representing the Note is presented for payment; or
- (c) in respect of which the Certificate representing such Note is presented for payment more than 30 days after the Relevant Date except to the extent that the Holder would have been entitled to such Additional Amounts on presenting the Note for payment on the last day of such period of 30 days.

References in these Conditions to interest shall be deemed to include any Additional Amounts which may be payable under this Condition 9 or any undertaking or covenant given in addition thereto or in substitution therefor pursuant to the Trust Deed.

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

## **10 Prescription**

Claims against the Issuer for payment in respect of the Notes shall be prescribed and become void unless made within 10 years (in the case of principal) or five years (in the case of interest) from the appropriate Relevant Date in respect of them.

## **11 Meetings of Holders, Modification, Waiver and Substitution**

### **(a) Meetings of Holders**

The Trust Deed contains provisions for convening meetings of Holders (including in a physical place or by any electronic platform (such as conference call or video conference) or a combination of such methods) to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution of a modification of any of these Conditions or any provisions of the Trust Deed. Such a meeting may be convened by the Issuer or the Trustee and shall be convened by the Trustee if requested in writing by Holders holding not less than 10 per cent. in principal amount of the Notes for the time being outstanding and the Trustee is indemnified and/or secured and/or prefunded to its satisfaction against all costs and expenses.

The quorum at any such meeting for passing an Extraordinary Resolution will be one or more persons holding or representing a clear majority in principal amount of the Notes for the time being outstanding, or at any adjourned meeting one or more persons being or representing Holders whatever the principal amount of the Notes so held or represented, except that at any meeting the business of which includes the modification of certain of these Conditions (including, *inter alia*, the provisions regarding subordination referred to in Conditions 3 and 4, the terms concerning currency and due dates for payment of principal or interest payments in respect of the Notes and reducing or cancelling the principal amount of, or interest on, any Notes or varying the method of calculating the Interest Rate) and certain other provisions of the Trust Deed the quorum will be one or more persons holding or representing not less than two-thirds, or at any adjourned such meeting not less than one-third, in principal amount of the Notes for the time being outstanding. The agreement or approval of the Holders shall not be required in the case of any variation of these Conditions and/or the Trust Deed made in connection with the substitution or variation of the Notes pursuant to Condition 6(f).

The Trust Deed provides that (i) a resolution passed, at a meeting duly convened and held, by a majority of at least 75 per cent. of the votes cast, (ii) a resolution in writing signed by or on behalf of the Holders of not less than 75 per cent. in principal amount of the Notes for the time being outstanding or (iii) consent given by way of electronic consents through the Relevant Clearing System(s) (in a form satisfactory to the Trustee) by or on behalf of the Holder(s) of not less than 75 per cent. in principal amount of the Notes for the time being outstanding, shall, in each case, be effective as an Extraordinary Resolution. A resolution in writing may be contained in one document or several documents in the same form, each signed by or on behalf of one or more Holders.

An Extraordinary Resolution passed at any meeting of Holders or in writing or by way of electronic consents will be binding on all Holders, whether or not they are present at the meeting or voting in favour or, as the case may be, whether or not signing the written resolution or providing electronic consents.

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

The Trustee may agree, without the consent of the Holders, to (i) any modification of these Conditions or of any other provisions of the Trust Deed or the Agency Agreement which in its opinion is of a formal, minor or technical nature or is made to correct a manifest error, and (ii) any other modification to (except as mentioned in the Trust Deed), and any waiver or authorisation of any breach or proposed breach of any of these Conditions or of the provisions of the Trust Deed or the Agency Agreement which is, in the opinion of the Trustee, not materially prejudicial to the interests of the Holders. The Trustee may, without the consent of the Holders, determine that any Default should not be treated as such, provided that in the opinion of the Trustee, the interests of Holders are not materially prejudiced thereby.

Any such modification, authorisation, waiver or determination shall be binding on the Holders and, if the Trustee so requires, such modification shall be notified by the Issuer to the Holders as soon as practicable. No modification to these Conditions or any other provisions of the Trust Deed shall become effective unless the Issuer shall have obtained any requisite Supervisory Permission therefor from the Relevant Authority.

**(c) Substitution**

The Trust Deed contains further provisions permitting the Trustee, subject to the Issuer having obtained any requisite Supervisory Permission therefor from the Relevant Authority, to agree, without the consent of the Holders, subject to the Trustee being satisfied that the interests of the Holders will not be materially prejudiced thereby to the substitution on a subordinated basis equivalent to that referred to in Conditions 3 and 4 of any successor in business of the Issuer (any such entity, a “**Substitute Obligor**”) in place of the Issuer (or any previous Substitute Obligor under this Condition) as a new principal debtor

under the Trust Deed and the Notes. Any such substitution shall be binding on all Holders and shall be notified by the Issuer to the Holders in accordance with Condition 14 as soon as practicable thereafter.

**(d) Entitlement of the Trustee**

In connection with the exercise by it of any of its trusts, powers, authorities and discretions (including, without limitation, any modification, waiver, authorisation, substitution or determination), the Trustee shall have regard to the general interests of the Noteholders as a class but shall not have regard to any interests arising from circumstances particular to individual Noteholders (whatever their number) and, in particular but without limitation, shall not have regard to the consequences of any such exercise for individual Noteholders (whatever their number) resulting from their being for any purpose domiciled or resident in, or otherwise connected with, or subject to the jurisdiction of, any particular territory or any political sub-division thereof and the Trustee shall not be entitled to require, nor shall any Noteholder be entitled to claim, from the Issuer, the Trustee or any other person any indemnification or payment in respect of any tax consequence of any such exercise upon individual Noteholders except to the extent already provided for in Condition 9 and/or any undertaking given in addition to, or in substitution for, Condition 9 pursuant to the Trust Deed.

**12 Replacement of the Notes**

If any Certificate is lost, stolen, mutilated, defaced or destroyed, it may be replaced, subject to applicable laws and, regulations, at the specified office of the Registrar or the Transfer Agent, in each case on payment by the claimant of the fees and costs incurred in connection therewith and on such terms as to evidence, security, indemnity and otherwise as the Issuer may require (provided that the requirement is reasonable in light of prevailing market practice). Mutilated or defaced Certificates must be surrendered before replacements will be issued.

**13 Rights of the Trustee**

The Trust Deed contains provisions for the indemnification of, and/or the provision of security for and/or prefunding, the Trustee and for its relief from responsibility.

The Trustee is entitled to enter into business transactions with the Issuer and any entity related to the Issuer without accounting for any profit.

The Trustee may rely without liability to Holders on a report, confirmation or certificate or any advice of any accountants, financial advisers, financial institution or any other expert, whether or not addressed to it and whether their liability in relation thereto is limited (by its terms or by any engagement letter relating thereto entered into by the Trustee or in any other manner) by reference to a monetary cap, methodology or otherwise.

Conditions 3 and 4 apply only to amounts payable in respect of the Notes and nothing in Conditions 3, 4 or 8 shall affect or prejudice the payment of the costs (including legal fees), charges, expenses, liabilities or remuneration of the Trustee or the rights and remedies of the Trustee in respect thereof.

The Trustee shall not be liable for any consequences of any application of UK Statutory Loss Absorption Powers (as provided in Condition 17(c) below) or any other recovery or resolution powers in respect of the Issuer or any of its affiliates or any Notes and shall not be required to take any action in connection therewith that would, in the Trustee's opinion, expose the Trustee to any liability or expense unless it shall have been indemnified and/or secured and/or prefunded to its satisfaction; provided that nothing in this paragraph shall prevent any application of UK Statutory Loss Absorption Powers or any other recovery or resolution powers in respect of the Issuer or any of its affiliates or any Notes from taking effect, and each Holder by its acquisition of any Notes (or any interest therein), authorises and instructs the Trustee to take such steps as may be necessary

or expedient in order to give effect to any such application of UK Statutory Loss Absorption Powers or any other recovery or resolution powers.

#### **14 Notices**

Notices required to be given to the Holders pursuant to the Conditions shall be mailed to them at their respective addresses in the Register and deemed to have been given on the first weekday (being a day other than a Saturday or Sunday) after the date of mailing. The Issuer shall also ensure that all such notices are duly published (if such publication is required) in a manner which complies with the rules and regulations of any stock exchange or other relevant authority on which the Notes are for the time being listed and/or admitted to trading.

#### **15 Further Issues**

The Issuer may from time to time without the consent of the Noteholders, but subject to any Supervisory Permission required, create and issue further securities having the same terms and conditions as the Notes in all respects (or in all respects except for the amount and date of the first payment of interest on them and the date from which interest starts to accrue) and so that such further issue shall be consolidated and form a single series with the outstanding Notes (“**Further Notes**”). References in these Conditions to the Notes include (unless the context requires otherwise) any Further Notes. Any Further Notes shall be constituted by a deed supplemental to the Trust Deed.

#### **16 Agents**

The initial Principal Paying Agent, Registrar and Transfer Agent and their initial specified offices are listed below. They act solely as agents of the Issuer or (in the limited circumstances referred to in the Trust Deed and the Agency Agreement) the Trustee and do not assume any obligation towards or relationship of agency or trust for or with any Noteholder. The Issuer reserves the right, subject to the prior written approval of the Trustee, at any time to vary or terminate the appointment of any Agent and to appoint additional or other Agents, provided that it will at all times maintain a Principal Paying Agent, a Registrar and a Transfer Agent.

The Issuer undertakes, whenever a function expressed in these Conditions to be performed by the Agent Bank falls to be performed, to (for so long as such function is required to be performed) maintain an Agent Bank.

Notice of any such termination or appointment and of any change in the specified offices of the Agents will be given to the Holders by the Issuer in accordance with Condition 14. If any of the Agent Bank, Registrar or the Principal Paying Agent is unable or unwilling to act as such or if it fails to make a determination or calculation or otherwise fails to perform its duties under these Conditions or the Agency Agreement (as the case may be), the Issuer shall appoint, on terms acceptable to the Trustee, an independent financial institution acceptable to the Trustee to act as such in its place. All calculations and determinations made by the Agent Bank, Registrar or the Principal Paying Agent in relation to the Notes shall (save in the case of manifest error) be final and binding on the Issuer, the Trustee, the Agents and the Holders.

#### **17 Governing Law and Jurisdiction**

##### **(a) Governing Law**

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

##### **(b) Jurisdiction**

The courts of England are to have jurisdiction to settle any disputes that may arise out of or in connection with the Trust Deed or the Notes and accordingly any legal action or proceedings arising out of or in connection with the Trust Deed or any Notes (including any legal action or proceedings relating to non-

contractual obligations arising out of or in connection with them) (“**Proceedings**”) may be brought in such courts. The Issuer has in the Trust Deed irrevocably submitted to the jurisdiction of the courts of England in respect of any such Proceedings.

**(c) Acknowledgement of UK Statutory Loss Absorption Powers**

Notwithstanding and to the exclusion of any other term of the Notes or any other agreements, arrangements or understanding between the Issuer and any Holder (which, for the purposes of this Condition 17(c), includes each holder of a beneficial interest in the Notes) or the Trustee on their behalf, by its acquisition of the Notes (or any interest therein), each Holder acknowledges and accepts that the Relevant Amounts arising under the Notes may be subject to the exercise of UK Statutory Loss Absorption Powers by the Relevant Resolution Authority and acknowledges, accepts, consents to and agrees to be bound by:

- (i) the effect of the exercise of any UK Statutory Loss Absorption Powers by the Relevant Resolution Authority, which exercise (without limitation) may include and result in any of the following, or a combination thereof:
  - (A) the reduction of all, or a portion, of the Relevant Amounts in respect of the Notes;
  - (B) the conversion of all, or a portion, of the Relevant Amounts in respect of the Notes into shares, other securities or other obligations of the Issuer or another person, and the issue to or conferral on the Holder of such shares, securities or obligations, including by means of an amendment, modification or variation of the terms of the Notes;
  - (C) the cancellation of the Notes or the Relevant Amounts in respect of the Notes; and
  - (D) the amendment or alteration of the Maturity Date of the Notes or amendment of the amount of interest payable on the Notes, or the date on which interest becomes payable, including by suspending payment for a temporary period; and
- (ii) the variation of the terms of the Notes, as deemed necessary by the Relevant Resolution Authority, to give effect to the exercise of any UK Statutory Loss Absorption Powers by the Relevant Resolution Authority.

No repayment or payment of Relevant Amounts in respect of the Notes will become due and payable or be paid after the exercise of any UK Statutory Loss Absorption Powers by the Relevant Resolution Authority if and to the extent such amounts have been reduced, converted, cancelled, amended or altered as a result of such exercise.

Neither a reduction or cancellation, in part or in full, of the Relevant Amounts, the conversion thereof into another security or obligation of the Issuer or another person, as a result of the exercise of the UK Statutory Loss Absorption Powers by the Relevant Resolution Authority with respect to the Issuer, nor the exercise of the UK Statutory Loss Absorption Powers by the Relevant Resolution Authority with respect to the Notes will constitute a default for any purpose.

Upon the exercise of the UK Statutory Loss Absorption Powers by the Relevant Resolution Authority with respect to the Notes, the Issuer will provide a written notice to the Holders in accordance with Condition 14 as soon as practicable regarding such exercise of the UK Statutory Loss Absorption Powers. The Issuer will also deliver a copy of such notice to the Trustee for information purposes. Any delay or failure by the Issuer in delivering any notice referred to in this Condition 17 shall not affect the validity and enforceability of the UK Statutory Loss Absorption Powers nor constitute a default by the Issuer for any purpose.



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

No person shall have any right to enforce any term or condition of the Notes by virtue of the Contracts (Rights of Third Parties) Act 1999.

## **19 Definitions**

In these Conditions:

“**Additional Amounts**” has the meaning given to it in Condition 9;

“**Agency Agreement**” has the meaning given to it in the preamble to these Conditions;

“**Agent Bank**” has the meaning given to it in the preamble to these Conditions;

“**Agents**” means the Registrar, the Principal Paying Agent, the other Paying Agents, the Transfer Agent and the Agent Bank;

“**Authorised Signatories**” means any two authorised signatories of the Issuer in accordance with the Trust Deed;

“**Business Day**” means a day, other than a Saturday, Sunday or public holiday, on which commercial banks and foreign exchange markets are open for general business in London;

“**Calculation Amount**” means £1,000 in principal amount;

“**Capital Disqualification Event**” is deemed to have occurred if there is a change (which has occurred or which the Relevant Authority considers to be sufficiently certain) in the regulatory classification of the Notes which becomes effective after the Reference Date and that results, or would be likely to result, in some of or the entire principal amount of the Notes ceasing to be included in the Tier 2 Capital of the Issuer Group and for the avoidance of doubt, any amortisation of the Notes pursuant to Article 64 of the UK CRD Regulation (or any equivalent or successor provision) shall not comprise a Capital Disqualification Event;

“**Certificate**” has the meaning given to it in Condition 1(a);

“**Conditions**” has the meaning given to it in the preamble to these Conditions;

“**Default**” means an event expressly described as being a default in Condition 8(a) or a Winding-Up (whether or not instituted by the Trustee pursuant to Condition 8(a));

“**Directors**” means the directors of the Issuer;

“**Extraordinary Resolution**” has the meaning given to it in the Trust Deed;

“**FATCA Withholding**” has the meaning given to it in Condition 9;

“**Further Notes**” has the meaning given to it in Condition 15;

“**Holder**” has the meaning given to it in Condition 1;

“**Initial Fixed Interest Rate**” has the meaning given to it in Condition 5(c);

“**Initial Fixed Rate Interest Period**” means the period from (and including) the Issue Date to (but excluding) the Reset Date;

“**Interest Payment Date**” means 8 January and 8 July in each year, starting on (and including) 8 January 2025;

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

**“Interest Rate”** means the Initial Fixed Interest Rate and/or the Reset Rate of Interest, as the case may be;

**“Issue Date”** means 8 October 2024, being the date of the initial issue of the Notes;

**“Issuer Group”** means the Issuer and each entity which is part of the UK prudential consolidation group (as that term, or its successor, is used in the Regulatory Capital Requirements) of which the Issuer is part from time to time;

**“London Stock Exchange”** means the London Stock Exchange plc;

**“Margin”** means 7.843 per cent.;

**“Maturity Date”** has the meaning given to it in Condition 6(a);

**“Noteholder”** has the meaning given to it in Condition 1;

**“Notes”** has the meaning given to it in the preamble to these Conditions;

**“Paying Agents”** means the Principal Paying Agent and any successor, replacement or additional paying agents appointed under the Agency Agreement;

**“pounds sterling”** or **“pence”** means the lawful currency of the United Kingdom;

**“Principal Paying Agent”** has the meaning given to it in the preamble to these Conditions;

**“Qualifying Tier 2 Securities”** means securities issued directly by the Issuer that:

- (a) have terms not materially less favourable to an investor than the terms of the Notes (as reasonably determined by the Issuer in consultation with an investment bank or financial adviser of international standing (which in either case is independent of the Issuer), and provided that a certificate to such effect (including as to such consultation and in respect of the matters specified in (1) to (7) below) of two Authorised Signatories shall have been delivered to the Trustee (upon which the Trustee shall be entitled to rely without further enquiry and without liability to any person) prior to the issue or, as appropriate, variation of the relevant securities), and, subject thereto, which (1) contain terms which comply with the then current requirements of the Relevant Authority in relation to Tier 2 Capital; (2) include terms which provide for the same Interest Rate and Interest Payment Dates from time to time applying to the Notes; (3) rank *pari passu* with the ranking of the Notes; (4) preserve the obligations (including the obligations arising from the exercise of any right) of the Issuer as to redemption of the Notes, including (without limitation) as to timing of, and amounts payable upon, such redemption; (5) preserve any existing rights under these Conditions to any accrued interest or other amounts which have not been paid; (6) do not contain terms which provide for interest cancellation or deferral (provided that this paragraph (6) shall not preclude the inclusion of any provision analogous to Condition 17(c)); and (7) do not contain terms providing for loss absorption through principal write-down or conversion to ordinary shares (provided that this paragraph (7) shall not preclude the inclusion of any provision analogous to Condition 17(c)); and
- (b) are (i) admitted to trading on the International Securities Market of the London Stock Exchange plc or (ii) listed on such other stock exchange as is a Recognised Stock Exchange at that time as selected by the Issuer and approved by the Trustee, such approval not to be unreasonably withheld or delayed;

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

**“Record Date”** has the meaning given to it in Condition 7(a)(ii);

**“Reference Date”** means the later of (i) the Issue Date and (ii) the latest date (if any) on which any Further Notes have been issued pursuant to Condition 15;

**“Register”** has the meaning given to it in Condition 1(b);

**“Registrar”** has the meaning given to it in the preamble to these Conditions;

**“Regulatory Capital Requirements”** means, at any time, any requirement or provision contained in the law, regulations, requirements, guidelines and policies of the Relevant Authority (whether or not having the force of law) or of the United Kingdom relating to capital adequacy (whether on a risk-weighted, leverage or other basis), prudential supervision (including the requisite features of own funds instruments) and/or resolution (including any minimum requirement for own funds and eligible liabilities) and applicable to the Issuer and/or, as applicable, the Issuer Group;

**“Relevant Amounts”** means the outstanding principal amount of the Notes, together with any accrued but unpaid interest and Additional Amounts due on the Notes. References to such amounts will include amounts that have become due and payable, but which have not been paid, prior to the exercise of any UK Statutory Loss Absorption Powers by the Relevant Resolution Authority;

**“Relevant Authority”** means, at any time, the Prudential Regulation Authority or such other additional or successor authority having primary supervisory authority with respect to prudential matters and/or resolution matters concerning the Issuer and/or the Issuer Group at such time;

**“Relevant Date”** means (i) in respect of any payment other than a sum to be paid by the Issuer in a Winding-Up, the date on which payment in respect of it first becomes due or (if any amount of the money payable is improperly withheld or refused) the date on which payment in full of the amount outstanding is made or (if earlier) the date seven days after that on which notice is duly given to the Noteholders that, upon further surrender of the Certificate representing such Note being made in accordance with the Conditions, such payment will be made, provided that payment is in fact made upon such surrender, and (ii) in respect of a sum to be paid by the Issuer in a Winding-Up, the date which is one day prior to the date on which an order is made or a resolution is passed for the winding-up or, in the case of an administration, one day prior to the date on which any dividend is distributed;

**“Relevant Jurisdiction”** means the United Kingdom or any political subdivision or any authority thereof or therein having power to tax or any other jurisdiction or any political subdivision or any authority thereof or therein having power to tax to which the Issuer becomes subject in respect of payments made by it of principal and/or interest on the Notes;

**“Relevant Resolution Authority”** means the resolution authority with the ability to exercise any UK Statutory Loss Absorption Powers in relation to the Issuer and/or the Notes (being, as at the Issue Date, the Bank of England);

**“Reset Date”** means 8 January 2030;

**“Reset Determination Date”** means the day falling two Business Days prior to the Reset Date;

**“Reset Period”** means the period from and including the Reset Date to but excluding the Maturity Date;

**“Reset Rate of Interest”** has the meaning given to it in Condition 5(d);

**“Reset Reference Banks”** means five brokers of gilts and/or gilt-edged market makers selected by the Issuer;

**“Reset Reference Rate”** means in respect of the Reset Period, the percentage rate (rounded (if necessary) to the nearest 0.001 per cent. (0.0005 per cent. being rounded upwards)) determined by the Agent Bank on the basis of the Gilt Yield Quotations provided to the Agent Bank by the Issuer. The Issuer shall obtain such Gilt Yield Quotations from the Reset Reference Banks at approximately 11.00 a.m. (London time) on the Reset Determination Date in respect of the Reset Period. If at least four quotations are provided, the Reset Reference Rate will be the arithmetic mean of the quotations provided, eliminating the highest quotation (or, in the event of equality, one of the highest) and the lowest quotation (or, in the event of equality, one of the lowest). If only two or three quotations are provided, the Reset Reference Rate will be the arithmetic mean of the quotations provided. If only one quotation is provided, the Reset Reference Rate will be the quotation provided. If no quotations are provided, the Reset Reference Rate will be 3.667 per cent., where:

**“Benchmark Gilt”** means, in respect of the Reset Period, such United Kingdom government security customarily used in the pricing of new securities and having an actual or interpolated maturity date on or about the last day of the Reset Period as the Issuer, with the advice of an investment bank of international repute, may determine to be appropriate following any then-current guidance published by the International Capital Market Association at the relevant time; and

**“Gilt Yield Quotations”** means, with respect to a Reset Reference Bank and the Reset Period, the arithmetic mean (rounded (if necessary) to the nearest 0.001 per cent. (0.0005 per cent. being rounded upwards)) of the bid and offered yields (on a semi-annual compounding basis) for the Benchmark Gilt in respect of the Reset Period, expressed as a percentage, as quoted by such Reset Reference Bank.

**“Senior Creditors”** means (i) creditors of the Issuer who are unsubordinated creditors of the Issuer; and (ii) creditors of the Issuer whose claims are or are expressed to be subordinated to the claims of other creditors of the Issuer (other than those whose claims are in respect of obligations which constitute, or would but for any applicable limitation on the amount of such capital, constitute, Tier 1 Capital or Tier 2 Capital or whose claims rank or are expressed to rank in a Winding-Up *pari passu* with, or junior to, the claims of the Holders in respect of the Notes);

**“Substitute Obligor”** has the meaning given to it in Condition 11(c);

**“Supervisory Permission”** means, in relation to any action, such notice, permission, consent, approval, non-objection and/or waiver as is required therefor under prevailing Regulatory Capital Requirements (if any);

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

- (i) in making any payments on the Notes, the Issuer has paid or will or would on the next payment date be required to pay Additional Amounts; or
- (ii) the Issuer is no longer entitled to claim a deduction in respect of any payments in respect of the Notes in computing its taxation liabilities or the amount of such deduction is materially reduced; or
- (iii) the Notes are prevented from being treated as loan relationships for United Kingdom tax purposes; or
- (iv) the Issuer is not able to have losses or deductions set against the profits or gains, or profits or gains offset by the losses or deductions, of companies with which it is or would otherwise be so grouped for applicable United Kingdom tax purposes (whether under the group relief system current as at the Reference Date or any similar system or systems having like effect as may from time to time exist); or
- (v) the Notes or any part thereof are treated as a derivative or an embedded derivative for United Kingdom tax purposes,

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

**“Tax Law Change”** means a change in, or amendment to, the laws or regulations of a Relevant Jurisdiction, including any treaty to which such Relevant Jurisdiction is a party, or any change in the application of such laws by a decision of any court or tribunal that provides for a position with respect to such laws or regulations that differs from the previously generally accepted position in relation to similar transactions, which change or amendment becomes effective on or after the Reference Date or in the case of a change in law, if such change is enacted by a UK Act of Parliament or by Statutory Instrument, on or after the Reference Date;

**“Tier 1 Capital”** has the meaning given to it (or any successor term) from time to time by the Relevant Authority;

**“Tier 2 Capital”** has the meaning given to it (or any successor term) from time to time by the Relevant Authority;

**“Transfer Agent”** has the meaning given to it in the preamble to these Conditions;

**“Trust Deed”** has the meaning given to it in the preamble to these Conditions;

**“Trustee”** has the meaning given to it in the preamble to these Conditions;

**“UK CRD Regulation”** means Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms amending Regulation (EU) No. 648/2012 as amended and as it forms part of domestic law and as amended or replaced from time to time;

**“UK Statutory Loss Absorption Powers”** means any write-down, conversion, transfer, modification, suspension or similar or related power existing from time to time under, and exercised in compliance with, any laws, regulations, rules or requirements in effect in the United Kingdom, relating to (i) Part 1 of the United Kingdom Banking Act 2009 and any other law or regulation applicable in the United Kingdom relating to the resolution of unsound or failing banks or other financial institutions, as amended or replaced from time to time and (ii) the instruments, rules and standards created thereunder, pursuant to which any obligation of the Issuer (or any affiliate of the Issuer) can be reduced, cancelled, modified, or converted into shares, other securities or other obligations of the Issuer or any other person (or suspended for a temporary period);

**“United Kingdom”** means the United Kingdom of Great Britain and Northern Ireland; and

**“Winding-Up”** means:

- (i) an order is made, or an effective resolution is passed, for the winding-up of the Issuer (except, in any such case, a solvent winding-up solely for the purposes of a reorganisation, reconstruction or amalgamation, the terms of which reorganisation, reconstruction or amalgamation have previously been approved in writing by the Trustee or an Extraordinary Resolution and do not provide that the Notes thereby become redeemable or repayable in accordance with these Conditions);
- (ii) following the appointment of an administrator of the Issuer, an administrator gives notice that it intends to declare and distribute a dividend; or
- (iii) liquidation or dissolution of the Issuer or any procedure similar to that described in paragraph (i) or (ii) of this definition is commenced in respect of the Issuer, including any bank insolvency procedure or bank administration procedure pursuant to the Banking Act 2009.

## SUMMARY OF PROVISIONS RELATING TO THE NOTES WHILE REPRESENTED BY THE GLOBAL CERTIFICATE

*Words and expressions defined in the “Terms and Conditions of the Notes” above or elsewhere in these Admission Particulars have the same meanings in this section. The information set out below is subject to any change in or reinterpretation of the rules, regulations and procedures of the Clearing Systems currently in effect. Investors wishing to use the facilities of any of the Clearing Systems are advised to confirm the continued applicability of the rules, regulations and procedures of the relevant Clearing System.*

The following is a summary of the provisions to be contained in the Trust Deed and in the Global Certificate which will apply to, and in some cases modify the effect of, the Conditions while the Notes are represented by the Global Certificate:

### Initial Issue of Certificates

The Global Certificate will be registered in the name of a nominee (the “**Registered Holder**”) for a common depositary for Euroclear and Clearstream, Luxembourg (the “**Common Depositary**”) and may be delivered on or prior to the original issue date of the Notes.

Upon the registration of the Global Certificate in the name of any nominee for Euroclear and Clearstream, Luxembourg and delivery of the Global Certificate to the Common Depositary, Euroclear or Clearstream, Luxembourg will credit each subscriber with a principal amount of Notes equal to the principal amount thereof for which it has subscribed and paid.

### Accountholders

Each of the persons shown in the records of Euroclear, Clearstream, Luxembourg or any other clearing system (an “**Alternative Clearing System**”) as the holder of a Note represented by a Global Certificate (an “**Accountholder**”) (in which regard any certificate or other document issued by Euroclear, Clearstream, Luxembourg or such other Alternative Clearing System (as the case may be) as to the outstanding principal amount of such Notes standing to the account of any person shall, in the absence of manifest error, be conclusive and binding for all purposes) shall be treated as the holder of such aggregate principal amount of such Notes (and the term “**Noteholders**” and references to “**holding of Notes**” and to “**holder of Notes**” shall be construed accordingly) for all purposes other than with respect to payments on such Notes, for which purpose the Registered Holder shall be deemed to be the holder of such aggregate principal amount of the Notes in accordance with and subject to the terms of the Global Certificate and the Trust Deed.

Each Accountholder must look solely to Euroclear, Clearstream, Luxembourg or any such Alternative Clearing System (as the case may be) for his share of each payment made by the Issuer to or to the order of the Registered Holder and in relation to all other rights arising under the Global Certificate, subject to and in accordance with the respective rules and procedures of Euroclear, Clearstream, Luxembourg, or such Alternative Clearing System (as the case may be). Each Accountholder shall have no claim directly against the Issuer in respect of payments due on the Notes for so long as the Notes are represented by the Global Certificate and such obligations of the Issuer will be discharged by payment to or to the order of the Registered Holder in respect of each amount so paid.

### Exchange of the Global Certificate

The following will apply in respect of transfers of Notes held in Euroclear or Clearstream, Luxembourg or any Alternative Clearing System. These provisions will not prevent the trading of interests in the Notes within a clearing system whilst they are held on behalf of such clearing system, but will limit the circumstances in which the Notes may be withdrawn from the Relevant Clearing System.

Transfers of the holding of Notes represented by the Global Certificate pursuant to Condition 2(a) may only be made in part:

- (i) if the Notes represented by the Global Certificate are held on behalf of Euroclear or Clearstream, Luxembourg or an Alternative Clearing System and any such clearing system is closed for business for a continuous period of 14 days (other than by reason of holidays, statutory or otherwise) or has announced an intention permanently to cease business or does in fact do so and no successor clearing system is available; or
- (ii) upon or following any failure to pay principal in respect of any Notes when it is due and payable,

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

### **Transfers**

Transfers of book-entry interests in the Notes will be effected through the records of Euroclear and/or, Clearstream, Luxembourg and their respective participants in accordance with the rules and procedures of Euroclear and/or Clearstream, Luxembourg and their respective direct and indirect participants.

### **Calculation of Interest**

For so long as all of the Notes are represented by the Global Certificate and such Global Certificate is held on behalf of Euroclear and Clearstream, Luxembourg, interest payable to the Registered Holder shall be calculated on the basis of the aggregate principal amount of the Notes represented by the Global Certificate, and not per Calculation Amount as provided in Condition 5.

### **Payments**

For so long as the Registered Holder is shown in the Register as the holder of the Notes evidenced by a Global Certificate, the Registered Holder shall (subject as set out above under "*Accountholders*") in all respects be entitled to the benefit of such Notes and shall be entitled to the benefit of the Agency Agreement. Payments of all amounts payable under the Conditions in respect of the Notes as evidenced by a Global Certificate will be made to the Registered Holder pursuant to the Conditions.

Distributions of amounts with respect to book-entry interests in the Notes held through Euroclear or Clearstream, Luxembourg will be credited, to the extent received by the Principal Paying Agent, to the cash accounts of Euroclear or Clearstream, Luxembourg participants in accordance with the relevant system's rules and procedures.

Upon any payment of any amount payable under the Conditions the amount so paid shall be entered by the Registrar on the Register, which entry shall constitute prima facie evidence that the payment has been made.

All payments in respect of Notes represented by a Global Certificate will be made to, or to the order of, the person whose name is entered on the Register at the close of business on the record date which (notwithstanding Condition 7) shall be on the Clearing System Business Day immediately prior to the date for payment, where "**Clearing System Business Day**" means Monday to Friday inclusive except 25 December and 1 January.

### **Cancellation**

Cancellation of any Note following its redemption or purchase by the Issuer will be effected by reduction in the aggregate principal amount of the Notes in the register of Noteholders and by the annotation of the appropriate schedule to the Global Certificate.

### **Notices**

For so long as the Notes are represented by the Global Certificate and such Global Certificate is held on behalf of Euroclear and Clearstream, Luxembourg, notices may be given to the Noteholders by delivery of the relevant notice to Euroclear and/or Clearstream, Luxembourg (as the case may be) for communication to their respective accountholders in substitution for publication as required by the Conditions provided that, for so long as the Notes are admitted to trading on the ISM or on any other stock exchange, notices will also be given in accordance with any applicable requirements of such stock exchange. Any notice shall be deemed to have been given on the date of delivery or publication which, in the case of communication through Euroclear and Clearstream, Luxembourg, shall mean the date on which the notice is delivered to Euroclear and Clearstream, Luxembourg.

### **Prescription**

Claims against the Issuer in respect of any amounts payable in respect of the Notes represented by the Global Certificate will be prescribed and become void unless made within 10 years (in the case of principal) or five years (in the case of interest) from the due date.

### **Meetings**

For the purposes of any meeting of the Noteholders, the holder of the Notes represented by the Global Certificate shall be treated as being entitled to one vote in respect of each £1.00 in principal amount of the Notes.

### **Trustee's Powers**

In considering the interests of Noteholders while the Global Certificate is held on behalf of, or registered in the name of any nominee for, a clearing system, the Trustee may have regard to any information provided to it by such clearing system or its operator as to the identity (either individually or by category) of its accountholders with entitlements to the Global Certificate and may consider such interests as if such accountholders were the holders of the Notes represented by the Global Certificate.

### **Written Resolution and Electronic Consent**

For so long as the Notes are in the form of a Global Certificate registered in the name of any nominee for one or more of Euroclear and Clearstream, Luxembourg or another clearing system, then, in respect of any resolution proposed by the Issuer or the Trustee:

- (i) where the terms of the proposed resolution have been notified to the Noteholder through the Relevant Clearing System(s), each of the Issuer and the Trustee shall be entitled to rely upon approval of such resolution proposed by the Issuer or the Trustee (as the case may be) given by way of electronic consents communicated through the electronic communications systems of the Relevant Clearing System(s) in accordance with their operating rules and procedures by or on behalf of the holders of not less than 75 per cent. in principal amount of the Notes outstanding (“**Electronic Consent**”). None of the Issuer or the Trustee shall be liable or responsible to anyone for such reliance; and
- (ii) where Electronic Consent is not being sought, for the purpose of determining whether a written resolution has been validly passed, the Issuer and the Trustee shall be entitled to rely on consent or instructions given in writing directly to the Issuer and/or the Trustee, as the case may be, by (a) accountholders in the clearing system(s) with entitlements to such Global Certificate and/or, where (b) the accountholders hold any such entitlement on behalf of another person, on written consent from or



written instruction by the person identified by that accountholder as the person for whom such entitlement is held. For the purpose of establishing the entitlement to give any such consent or instruction, the Issuer and the Trustee shall be entitled to rely on any certificate or other document issued by, in the case of (a) above, Euroclear, Clearstream, Luxembourg or any other relevant alternative clearing system (the “**Relevant Clearing System**”) and, in the case of (b) above, the Relevant Clearing System and the accountholder identified by the Relevant Clearing System for the purposes of (b) above. Any resolution passed in such manner shall be binding on all Noteholders, even if the relevant consent or instruction proves to be defective. Any such certificate or other document shall, in the absence of manifest error, be conclusive and binding for all purposes. Any such certificate or other document may comprise any form of statement or print out of electronic records provided by the Relevant Clearing System (including Euroclear's EasyWay or Clearstream, Luxembourg's Xact Web Portal system) in accordance with its usual procedures and in which the accountholder of a particular principal or nominal amount of the Notes is clearly identified together with the amount of such holding. Neither the Issuer nor the Trustee shall be liable to any person by reason of having accepted as valid or not having rejected any certificate or other document to such effect purporting to be issued by any such person and subsequently found to be forged or not authentic.

#### **Euroclear and Clearstream, Luxembourg**

References in the Global Certificate and this summary to Euroclear and Clearstream, Luxembourg shall be deemed to include references to any other clearing system approved for the purposes of the Notes by the Trustee and the Registrar.

## **USE OF PROCEEDS**

The proceeds of the issue of the Notes will be on-lent to Atom Bank by way of the Issuer purchasing an equivalent principal amount of tier 2 securities to be issued by Atom Bank.

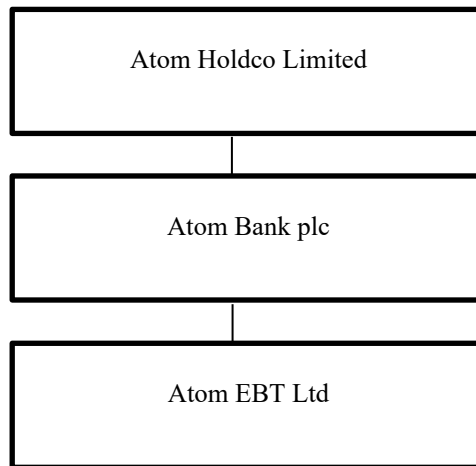
The net proceeds of the issue of the Notes will be used by the Group for general corporate purposes of the Group and to further strengthen the Group's regulatory capital base.

## ATOM HOLDCO LIMITED

Atom Holdco Limited (the “**Issuer**”) is a private limited company incorporated and registered in England and Wales under the Companies Act 2006. The Issuer was incorporated on 24 May 2022 with company number 14129045. The registered office of the Issuer is The Rivergreen Centre, Aykley Heads, Durham, DH1 5TS. The Issuer has undertaken to re-register as a public company by 1 April 2025.

The principal activity of the Issuer is to act as the holding company of the Group (the “**Group**” being the Issuer and its consolidated subsidiaries). The main operating company of the Group is Atom Bank plc (“**Atom Bank**”), a wholly-owned subsidiary of the Issuer. Atom Bank was incorporated on 31 July 2013 under the name CROSSCO (1337) Limited with company number 08632552. On 20 March 2014, Atom Bank re-registered as a public company. On 13 August 2015, Atom Bank changed its name to Atom Bank plc. The registered office of Atom Bank is The Rivergreen Centre, Aykley Heads, Durham, DH1 5TS.

The Group’s structure as at the date of these Admission Particulars is set out below.



Atom Bank is authorised by the PRA and is regulated by the FCA and PRA. The Issuer is approved by the PRA as a Parent Financial Holding Company of Atom Bank.

The Issuer has a range of shareholders, from employees and individual “angel” investors, to hedge funds and a global financial services group.

As at 30 June 2024, the Issuer’s largest two shareholders were Banco Bilbao Vizcaya Argentaria, S.A. (“**BBVA**”) with a holding of 49.45 per cent. of the shares in the Issuer and funds managed and/or advised by Toscafund Asset Management LLP (“**Toscafund**”), with an aggregate holding of 36.41 per cent. of the shares in the Issuer. Of the funds managed by Toscafund, Tosca Proton LP held 19.94 per cent. of the shares in the Issuer as at 30 June 2024.

### Background

Atom Bank is the UK’s first bank built exclusively for smartphone and tablet. Founded in early 2014, it started its operations in April 2016.

Atom Bank is focused on serving the needs of homeowners, business owners and savers with a model designed to be simple, highly automated and low cost.

Retail deposits are acquired via a range of instant access and fixed term savings products that are used to fund lending in the form of residential mortgages and both secured and unsecured loans to small and medium-sized enterprises (“**SMEs**”), originated organically and via flow agreements with other specialist lenders.

Each of these product categories provides access to large and profitable markets via uncomplicated products that are simple to open and operate. In each of Atom Bank's organic markets there is an opportunity to create a competitive advantage by digitalising and automating the account opening and servicing processes, and offering a faster, easier and better value proposition.

## Business Activities

### *Savings*

Customers are attracted to Atom Bank's proposition of value pricing and the fast and easy account opening and servicing process.

Atom Bank's fixed rate products come with terms ranging from 6 months to 5 years with both monthly and annual interest options. Customers are able to deposit up to £100,000 across fixed rate products. Atom Bank's fixed rate savings balances as at 31 March 2024 were £4.3 billion.

Atom Bank's instant access product offers customers instant access to their savings with no penalties for making withdrawals and no regular deposit requirements. Instant access products are limited to one per customer and customers are able to deposit up to £100,000 in their instant access saver. Atom Bank's instant access savings balances as at 31 March 2024 were £1.4 billion.

Atom Bank is committed to providing better value for savings customers and passed on 88 per cent. of bank interest rate changes in the year ended 31 March 2024. 99 per cent. of all customers can open and fund a new savings account in minutes via the banking app. Atom Bank continues to look to improve its offering to savings customers, including adding functionality to allow a seamless switch between fixed rate and instant access savings accounts at maturity, so customers can more easily access the best interest rates for their savings offered by Atom Bank.

Customers' deposits are protected by the FSCS guarantee for a balance up to £85,000, with 97 per cent. of Atom Bank's deposits protected under this scheme.

### *Residential mortgages*

Atom Bank offers a range of prime and near-prime residential mortgage products secured against the customer's home. The products are straightforward, with a quick and transparent application process. Atom Bank's residential mortgage products are offered on a fully intermediated basis for new customers via a trusted broker network. This ensures new customers receive fair and impartial advice throughout the borrowing process. Customers can keep up to date with the status of their account in the banking app. Atom Bank has a proven mortgage generating platform, with mortgage offers made to customers in as little as 12 seconds. Alongside the core portfolio, near prime lending is offered to customers that might otherwise face challenges securing a mortgage and buy to let lending is provided through lending partners.

<b>£m</b>	<b>31 March 2024</b>	<b>31 March 2023</b>
<i>Prime Mortgages</i>	2,475	1,803
<i>Buy to Let</i>	612	212
<i>Near Prime</i>	113	55
<b><i>Total Mortgages</i></b>	<b>3,200</b>	<b>2,070</b>

Atom Bank's strategy is to digitalise the mortgage origination process, which in turn allows for a lower lending rate and enhances the customer experience. Atom Bank's aim is to target improvements across each area of the mortgage journey, and to develop a process that can generate instant mortgage offers at practically zero marginal cost.

### *SME loans*

Atom Bank offers a range of business loans including commercial investment, commercial owner occupied and residential investment. In addition to legal charges over specified properties, Atom Bank may take additional security in the form of unsupported personal or corporate guarantees, supported guarantees or debentures.

Atom Bank aims to automate and digitalise the process, aiming to make it cheaper and enhance the customer experience. Progress has been made targeting improvements in the business lending origination process, with the introduction of broker instructed valuations, giving customers the opportunity to complete the valuation process pre-offer to remove the risk that the loan amount or terms attaching to the loan may need to change.

Unsecured loans are offered to SMEs in conjunction with a third-party origination partner, predominantly these have been offered under the now closed UK government's Recovery Loan Scheme ("RLS") and Coronavirus Business Interruption Loan Scheme ("CBILS"), with 78 per cent. of the loan book, as at 31 March 2024, attracting either a CBILS or RLS guarantee.

<b>£m</b>	<b>31 March 2024</b>	<b>31 March 2023</b>
<i>Mortgages</i>	3,200	2,070
<i>Business Banking Secured Lending</i>	605	509
<i>Business Banking Unsecured Lending</i>	296	380
<b><i>Loans and advances to customers</i></b>	<b>4,101</b>	<b>2,959</b>

### **Funding**

The Group balance sheet is primarily funded by retail customer deposits, supplemented with wholesale funding.

The Group is a participant in the BoE Sterling Monetary Framework. Following its launch in April 2020 until scheme closure in October 2021, the Group accessed funding from the TFSME scheme, which was established to provide cost-effective funds to banks to support additional lending to the real economy and incentivise lending to SMEs during a period of economic disruption caused by COVID-19. The total amount outstanding as at 31 March 2024 was £684 million (principal and interest).

Total wholesale funding increased to £1,049 million as at 31 March 2024 (31 March 2023: £897 million). The new RMBS securitisation (Elvet Mortgages 2023-1) introduced an additional £300 million which was partially offset by redemptions.

Although the number of savings customers increased to 204 thousand as at 31 March 2024 (31 March 2023: 201 thousand) deposits decreased by £805 million to £5,746 million as at 31 March 2024 (31 March 2023: £6,551 million). Increased market competition and changes in the shape of the forward yield curve have reduced the spread earned on customer deposits. As a result, Atom Bank has actively managed down excess funding to focus on the required funding for lending.

## Capital

Below are summaries of the Issuer's regulatory capital position on a consolidated basis at the end of each of the previous three financial years (the Atom Group was regulated at Atom Bank only level for year ended 31 March 2022 so the comparatives are provided on that basis only).

	31 March 2022 (Atom Bank)	31 March 2023 (Group)	31 March 2024 (Group)
<i>Amounts £m unless otherwise specified</i>	<i>Actuals</i>		
CET1	217.2	239.8	345.8
Additional Tier 1	-	-	-
Tier 2	8.0	4.7	-
Total Capital Resources	225.2	244.5	345.8
Total RWAs	1,043.0	1,270.2	1,826.6
Leverage Exposure	3,313.2	3,722.5	5,063.0
<b>Ratios</b>			
CET1 Ratio	20.8%	18.9%	18.9%
Tier 1 Ratio	20.8%	18.9%	18.9%
Total Capital Ratio	21.6%	19.2%	18.9%
Leverage Ratio	6.6%	6.4%	6.8%
<b>Requirements</b>			
Pillar 1	8.00%	8.00%	8.00%
Pillar 2A	1.53%	1.36%	1.36%
Capital Conservation Buffer	2.50%	2.50%	2.50%
Countercyclical Capital Buffer	0.00%	1.00%	2.00%
Total Capital Requirement	12.03%	12.86%	13.86%

## Liquidity

The Group maintains a liquid asset portfolio that is primarily comprised of cash held at the BoE, UK Government securities (UK gilts) and listed securities (e.g. bonds issued by supranationals and AAA rated covered bonds). The Group also holds other liquid assets, which could be monetised through outright sale, repurchase agreements (repos) or used with the BoE's Sterling Monetary Framework (SMF) facilities. In addition, the Group maintains eligible collateral at the BoE to provide additional sources of liquidity in times of stress.

The Group uses a stressed forward looking cash flow profile (both inflows and outflows) to determine the minimum level of liquidity resources necessary to cope with expected and unexpected liquidity challenges. In addition to assessing compliance with all regulatory liquidity requirements, the Group also measures the adequacy of liquidity

resources against net outflows in a range of internally designed stress scenarios which range in their nature, severity and minimum survival horizons.

As at 31 March 2024, and throughout the year, the Group held significant surplus liquidity over the minimum requirements and maintained a prudent funding profile. The liquidity coverage ratio was 486 per cent. (31 March 2023: 887 per cent.) and the Net Stable Funding Ratio was 180 per cent. (31 March 2023: 263 per cent.) as a result of high levels of cash and other high-quality liquid assets held at the year end. The Asset Encumbrance ratio was 19.3 per cent. (31 March 2023: 15.6 per cent.) and the Loan to Deposit ratio was 71 per cent. (31 March 2023: 45 per cent.).

## Board

The Issuer and Atom Bank operate on the basis of a unified business strategy and have common boards (the “**Board**”), albeit the principal business activities of the Group are carried on by Atom Bank. The Board comprises directors and independent non-executive directors and contains representatives from the Issuer’s biggest two shareholders to ensure that the long-term strategic objectives of the Group and Atom Bank are met.

## Directors

Name	Position	Other directorships
Lee Rochford	Chairman (Independent Non-Executive)	Nuffield Health
Mark Mullen	Chief Executive Officer	N/A
Andrew Marshall	Chief Financial Officer	N/A
David Roper	Independent Non-Executive	The NFU Mutual Insurance Society Limited  Solihull Symphony Orchestra Limited  National Youth Choirs of Great Britain  E-ACT  LAMDA Limited
Cheryl Millington	Independent Non-Executive	AXA UK plc  Hays plc  Orbit Private Holdings I Limited
Christine Coe	Independent Non-Executive	LMA Risk Management Ltd  The British Pig Association

		UK Tag Limited
		Unity Trust Bank plc
Laurence Hollingworth	Independent Non-Executive	Clarkson PLC
		ABM Communications Limited
		The Keyholding Company Limited
		Colburn East Limited
		Molten Ventures plc
Gonzalo Romera	Non-Executive	N/A
Ergun Özen	Non-Executive	Boyner Perakende ve Tekstil Yatırımları A.Ş.
		Garanti Bank Turkey
		We Soda Ltd
Alicia Pertusa	Non-Executive (Alternate Director)	BBVA Switzerland
Johnny de la Hay	Non-Executive	N/A

### **Conflicts of interest**

Gonzalo Romera, Ergun Ozen and Alicia Pertusa (as alternate director for Gonzalo Romera and Ergun Ozen) were appointed to the Board by BBVA and Johnny de la Hey was appointed to the Board by Toscafund pursuant to their respective rights under the Articles of Association of the Issuer and Atom Bank, which could present a potential conflict of interest in circumstances where the interests of the Issuer and/or Atom Bank and BBVA and/or Toscafund are not, or may not, be aligned. Any conflicts that arise are considered and approved on a case-by-case basis.

None of the other directors of the Issuer and Atom Bank has any actual or potential conflict between their duties to the Issuer and/or Atom Bank and their private interests or other duties as listed above.

### **Board Committees**

The Board has established several formal sub-committees, each with formally delegated duties and responsibilities set out in written terms of reference. From time to time, other committees may be set up by the Board to consider specific issues.

#### ***Board Audit Committee (“BAC”)***

The primary role of the BAC is to assist the Board in fulfilling its oversight responsibilities for matters relating to financial reporting, the system of internal control including the effectiveness and oversight of the internal audit function, and for monitoring compliance with all applicable laws and regulations.



### ***Board Risk Committee (“BRC”)***

The BRC oversees the risk framework and monitors the risk profile of Atom Bank. BRC is responsible for ensuring that Atom Bank’s risk profile is appropriately designed by anticipating changes in business, economic, political and social conditions. The BRC is responsible for reviewing risk appetite and performance and the effectiveness of the enterprise risk management framework.

### ***Nominations Committee (“NomCo”)***

The NomCo leads the process for appointments and oversees the development of succession planning for Board and executive positions and to establish plans to ensure orderly succession, as well as to establish a diverse pipeline of talent.

### ***Remuneration committee (“RemCo”)***

The RemCo is responsible for setting and monitoring policies for the remuneration of the Chairman, executive directors and senior management as well as for determining targets for performance-related remuneration. The RemCo also monitors performance against certain KPIs, including gender balance and earnings gap reporting.

### **Senior Management**

The Executive Committee is responsible for executing the strategy and for the day-to-day running of Atom Bank. The Chief Executive Officer chairs the Executive Committee and is supported by a robust framework of effective systems of internal controls, risk management and compliance with regulatory requirements. A number of executive level committees support the Executive Committee each with its own documented terms of reference and include the Assets and Liabilities Committee, Strategy Committee, Customer Outcomes & Servicing Committee, Commercial Committee and Executive Risk Committee.

### ***Executive Committee<sup>1</sup>***

<b>Name</b>	<b>Position</b>
Mark Mullen	Chief Executive Officer
Andrew Marshall	Chief Financial Officer
Helen Wilson	Chief Operating Officer
Chris Sparks	Chief Risk Officer <sup>2</sup>
Chris Storey	Chief Commercial Officer
Andy Sturrock	Chief Technologist and CTO
Laura Farnworth	General Counsel and Company Secretary

### **Material Contracts**

<sup>1</sup> Ayshea Robertson will join the Executive Committee as the Chief People Officer on 7 October 2024.

<sup>2</sup> Chris Sparks is due to retire from his role as Chief Risk Officer on 30 September 2024. Gareth Jones has been appointed to replace him and will join the Executive Committee on 14 November 2024.

There are no material contracts that have been entered into other than in the ordinary course of the Issuer's business which could result in any Group member being under an obligation or entitlement that is material to the Issuer's ability to meet its obligation to holders of the Notes.

## **TAXATION**

### **General**

The comments below are of a general nature and are not intended to be exhaustive. They assume that there will be no substitution of the Issuer or further issues of securities that will form a single series with the Notes, and do not address the consequences of any such substitution or further issue (notwithstanding that such substitution or further issue may be permitted by the Conditions). Any Noteholders who are in doubt as to their own tax position should consult their professional advisers. In particular, Noteholders should be aware that the tax legislation of any jurisdiction where a Noteholder is resident or otherwise subject to taxation (as well as the jurisdictions discussed below) may have an impact on the tax consequences of an investment in the Notes including in respect of any income received from the Notes.

### **United Kingdom**

The comments in this part are based on current United Kingdom tax law as applied in England and Wales and HM Revenue & Customs practice (which may not be binding on HM Revenue & Customs), in each case as at the latest practicable date before the date of these Admission Particulars. They relate only to United Kingdom withholding tax on payments of interest (as such term is understood for the purposes of United Kingdom tax law). They do not deal with any other United Kingdom taxation implications of acquiring, holding or disposing of Notes. They do not necessarily apply where the income is deemed for tax purposes to be the income of any other person. They relate only to the position of persons who hold their Notes as investments (regardless of whether the holder also carries on a trade, profession or vocation through a permanent establishment, branch or agency to which the Notes are attributable) and are the absolute beneficial owners thereof. (In particular, Noteholders holding their Notes via a depositary receipt system or clearance service should note that they may not always be the beneficial owners thereof.) Certain classes of persons such as dealers, certain professional investors, or persons connected with the Issuer may be subject to special rules and this summary does not apply to such Noteholders.

### **Interest on the Notes**

While the Notes are and continue to be admitted to trading on a multilateral trading facility operated by a UK, Gibraltar or EEA regulated recognised stock exchange within the meaning of Sections 987 and 1005 Income Tax Act 2007, payments of interest by the Issuer may be made without withholding or deduction for or on account of United Kingdom income tax. The ISM is a multilateral trading facility operated by a UK, Gibraltar or EEA regulated recognised stock exchange (the London Stock Exchange) for these purposes.

If the Notes cease to be admitted to trading, interest which has a United Kingdom source will generally be paid by the Issuer under deduction of income tax at the basic rate (currently 20 per cent.) unless: (i) another relief applies under domestic law; or (ii) the Issuer has received a direction to the contrary from HM Revenue & Customs in respect of such relief as may be available pursuant to the provisions of any applicable double taxation treaty.

If interest were paid under deduction of United Kingdom income tax (e.g. if the Notes lost their admission to trading), Noteholders who are not resident in the United Kingdom may be able to recover all or part of the tax deducted if there is an appropriate provision in an applicable double taxation treaty.

Where Notes are to be, or may fall to be, redeemed at a premium as opposed to being issued at a discount, then any such element of premium may constitute a payment of interest that would be subject to the rules on United Kingdom withholding tax outlined above.

## United States

### Foreign Account Tax Compliance Act

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

Even if withholding would be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Notes, proposed regulations have been issued that provide that such withholding would not apply prior to the date that is two years after the date on which final regulations defining “foreign passthru payments” are published in the U.S. Federal Register. In the preamble to the proposed regulations, the U.S. Treasury Department indicated that taxpayers may rely on these proposed regulations until the issuance of final regulations. Moreover, Notes that are not treated as equity for U.S. federal income tax purposes and that have a defined term that are not issued more than six months after the date on which final regulations defining “foreign passthru payments” are filed with the U.S. Federal Register generally would be “grandfathered” for purposes of FATCA withholding in respect of foreign passthru payments unless materially modified after such date (including by reason of a substitution of the Issuer). However, if additional notes (as described under “*Terms and Conditions of the Notes—Further Issues*”) that are not distinguishable from outstanding Notes are issued after the expiration of the grandfathering period and are subject to withholding under FATCA, then withholding agents may treat all Notes, including outstanding Notes issued during the grandfathering period, as subject to withholding under FATCA. Holders should consult their own tax advisers regarding how these rules may apply to their investment in the Notes. In the event any withholding would be required pursuant to FATCA or an IGA with respect to payments on the Notes, no person will be required to pay Additional Amounts as a result of the withholding.

## SUBSCRIPTION AND SALE

The Sole Manager has, pursuant to a Subscription Agreement (the “**Subscription Agreement**”) dated 4 October 2024, agreed to subscribe or procure subscribers for the Notes at the issue price of 100.000 per cent. of their principal amount less a combined management and underwriting commission, subject to the provisions of the Subscription Agreement. The Issuer will also reimburse the Sole Manager in respect of certain of its expenses, and has agreed to indemnify the Sole Manager against certain liabilities, incurred in connection with the issue of the Notes. The Subscription Agreement may be terminated in certain circumstances prior to payment of the issue price to the Issuer.

The offering of the Notes is being made on the basis that the Issuer has undertaken to re-register as a public company by 1 April 2025.

### United States

The Notes have not been and will not be registered under the Securities Act and may not be offered or sold within the United States or to or for the account or benefit of U.S. persons except in certain transactions exempt from, or not subject to, the registration requirements of the Securities Act. Accordingly, the Notes are being offered and sold only outside the United States to persons other than U.S. persons as defined in Regulation S under the Securities Act (“**Regulation S**”) in offshore transactions in reliance on, and in compliance with, Regulation S. Terms used in this paragraph have the meanings given to them by Regulation S.

The Sole Manager has represented, warranted and agreed that, except as permitted by the Subscription Agreement, it will not offer, sell or deliver the Notes (i) as part of their distribution at any time or (ii) otherwise until 40 days after the completion of the distribution of all Notes, within the United States or to, or for the account or benefit of, U.S. persons (the “**distribution compliance period**”), except in accordance with Regulation S of the Securities Act. The Sole Manager has agreed that, at or prior to confirmation of sale of Notes, it will have sent to each distributor, dealer or person receiving a selling concession, fee or other remuneration that purchases Notes from it during the distribution compliance period a confirmation or notice setting forth the restrictions on offers and sales of the Notes within the United States or to, or for the account or benefit of, U.S. persons. Terms used in this paragraph have the meanings given to them by Regulation S.

In addition, until 40 days after the commencement of the offering of the Notes, an offer or sale of Notes within the United States by a dealer that is not participating in the offering may violate the registration requirements of the Securities Act.

### United Kingdom

The Sole Manager has represented, warranted and agreed that:

- (a) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Notes in, from or otherwise involving the UK; and
- (b) it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of any Notes in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer.

### **Prohibition of Sales to UK Retail Investors**

The Sole Manager has represented, warranted and agreed that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes to any retail investor in the UK. For the purposes of this provision, the expression “**retail investor**” means a person who is one (or more) of the following:

- (a) a retail client as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the EUWA; or
- (b) a customer within the meaning of the provisions of the FSMA and any rules or regulations made under the FSMA to implement the Insurance Distribution Directive, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of UK MiFIR.

### **Prohibition of Sales to EEA Retail Investors**

The Sole Manager has represented, warranted and agreed that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes to any retail investor in the European Economic Area. For the purposes of this provision, the expression “**retail investor**” means a person who is one (or more) of the following:

- (a) a retail client as defined in point (11) of Article 4(1) of MiFID II; or
- (b) a customer within the meaning of the Insurance Distribution Directive, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II.

### **General**

The Sole Manager has agreed that it will, to the best of its knowledge and belief, comply with all applicable securities laws and regulations in force in any jurisdiction in which it purchases, offers, sells or delivers Notes or possesses or distributes these Admission Particulars or any related offering material and will obtain any consent, approval or permission required by it for the purchase, offer, sale or delivery by it of Notes under the laws and regulations in force in any jurisdiction to which it is subject or in which it makes such purchases, offers, sales or deliveries and the Issuer shall not have any responsibility therefor.

This document does not constitute an offer and may not be used for the purposes of any offer or solicitation in or from any jurisdiction where such an offer or solicitation is not authorised.

None of the Issuer or the Sole Manager represents that the Notes may at any time lawfully be sold in or from any jurisdiction in compliance with any applicable registration requirements or pursuant to an exemption available thereunder or assumes any responsibility for facilitating such sales.

Persons into whose hands these Admission Particulars come are required by the Issuer and the Sole Manager to comply with all applicable laws and regulations in each country or jurisdiction in which they purchase, offer, sell or deliver Notes or possess, distribute or publish these Admission Particulars or any other offering material relating to the Notes, in all cases at their own expense.

## GENERAL INFORMATION

1. An application will be made to the London Stock Exchange for the Notes to be admitted to trading on the ISM. The ISM is not a regulated market within the meaning of UK MiFIR. Such admission to trading is expected to be effective on or immediately following the Issue Date.
2. The Issuer has obtained all necessary consents, approvals and authorisations in connection with the issue and performance of the Notes. The issue of the Notes was authorised by a written resolution of the Board of Directors of the Issuer passed on 25 June 2024, and by a resolution of a sub-committee of the Board passed on 2 September 2024.
3. There has been no significant change in the financial or trading position of the Issuer or the Group and no material adverse change in the financial position or prospects of the Issuer or the Group since 31 March 2024.
4. There are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer is aware) during the 12 months preceding the date of these Admission Particulars which may have or have had in such period or in the recent past had, significant effects on the financial position or profitability of the Issuer or the Group.
5. The Notes have been accepted for clearance through the Euroclear and Clearstream, Luxembourg systems (which are the entities in charge of keeping the records) with a Common Code of 289688749. The International Securities Identification Number (“ISIN”) for the Notes is XS2896887499.

The address of Euroclear is 1 Boulevard du Roi Albert II, B-1210 Brussels, Belgium and the address of Clearstream, Luxembourg is 42 Avenue JF Kennedy L-1855 Luxembourg.
6. The Legal Entity Identifier code of the Issuer is 2138004P8JTY3CACDA84.
7. Based upon an issue price of 100.000 per cent. of the principal amount of the Notes, the yield of the Notes for the period from (and including) the Issue Date to (but excluding) the Reset Date, is 11.510 per cent. per annum, payable on a semi-annual basis. The yield is calculated at the Issue Date and is not an indication of future yield.
8. For so long as the Notes remain outstanding, copies of the following documents will be available on the website of the Issuer at <https://www.atombank.co.uk/investor-information>:
  - (a) the Trust Deed (which includes the form of the Global Certificate);
  - (b) the Agency Agreement
  - (c) the Articles of Association of the Issuer;
  - (d) a copy of these Admission Particulars together with any supplement to these Admission Particulars; and
  - (e) the Information Incorporated by Reference.
9. PricewaterhouseCoopers LLP, of Central Square, 29 Wellington Street, Leeds, LS1 4DL (registered to carry on audit work in the UK by the Institute of Chartered Accountants in England and Wales), have audited, and rendered unqualified audit reports on, the consolidated financial statements of the Issuer prepared in accordance with UK adopted international accounting standards for the years ended 31 March 2023 and 31 March 2024.
10. The Sole Manager and its affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform services for the Issuer and its affiliates

in the ordinary course of business. The Sole Manager and its affiliates may have positions, deal or make markets in the Notes, related derivatives and reference obligations, including (but not limited to) entering into hedging strategies on behalf of the Issuer and its affiliates, investor clients, or as principal in order to manage their exposure, their general market risk, or other trading activities.

In addition, in the ordinary course of their business activities, the Sole Manager and its affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of the Issuer and its affiliates. Those of the Sole Manager and its affiliates that have a lending relationship with the Issuer routinely hedge their credit exposure to Issuer consistent with their customary risk management policies. Typically, the Sole Manager and its affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in securities, including potentially the Notes. Any such positions could adversely affect future trading prices of the Notes. The Sole Manager and its affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.



**THE ISSUER**

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