



## TSB BANKING GROUP PLC

*(incorporated under the laws of England and Wales with registered number 08871766)*

**£250,000,000**

### **8.750 per cent. Fixed Rate Reset Additional Tier 1 Perpetual Non-Cumulative Contingent Convertible Securities**

**Issue Price: 100 per cent.**

The £250,000,000 8.750 per cent. Fixed Rate Reset Additional Tier 1 Perpetual Non-Cumulative Contingent Convertible Securities (the “**Capital Securities**”) will be issued by TSB Banking Group plc (the “**Issuer**”) on 5 December 2024 (the “**Issue Date**”). The Capital Securities will bear interest on their principal amount from (and including) the Issue Date to but excluding 26 March 2030 (the “**First Reset Date**”) at a rate of 8.750 per cent. per annum and thereafter at the relevant Reset Rate of Interest as provided in Condition 4 (*Interest Payments*). Interest will be payable on the Capital Securities semi-annually in arrear on each Interest Payment Date (as defined in the Conditions). There will be a short first Interest Period. The first payment of interest is scheduled to be made on 26 March 2025. The Issuer may at its discretion elect to cancel any interest payment (in whole or in part), and must cancel payments of interest (i) in the circumstances described in Condition 5(b) (*Mandatory Cancellation of Interest – Insufficient Distributable Items*), 5(c) (*Mandatory Cancellation of Interest – Maximum Distributable Amount*) and 5(d) (*Mandatory Cancellation of Interest – Relevant Authority Order*) and/or (ii) if and to the extent that such payment could not be made in compliance with the Solvency Condition as defined in Condition 3(b) (*Solvency Condition*). Any interest which is so cancelled will not accumulate, and will not become due or be payable at any time thereafter, whether in a Winding-Up (as defined in the Conditions) or otherwise and cancellation thereof shall not constitute a default for any purpose on the part of the Issuer.

**Upon the occurrence of a Trigger Event, the Capital Securities will be converted into TSB Banking Group (“TSBBG”) Ordinary Shares at the Conversion Price (in each case, as defined in the Conditions) and any accrued and unpaid interest shall be cancelled in accordance with Condition 6 (Conversion).**

The Capital Securities are perpetual securities with no fixed redemption date, and the Holders have no right to require the Issuer to redeem or purchase the Capital Securities at any time. The Issuer may, in its sole and full discretion but subject to obtaining prior Supervisory Permission (as defined in the Conditions) therefor, satisfaction of the other conditions to redemption set out in Condition 7(b) (*Conditions to Redemption, Substitution, Variation and Purchase*) and compliance with the Solvency Condition, elect to (a) redeem all (but not some only) of the Capital Securities at their principal amount, together with accrued and unpaid interest thereon, excluding any interest which has been cancelled or deemed to be cancelled (i) at the Issuer’s option (A) on the First Reset Date; or (B) on any Interest Payment Date after the First Reset Date, (ii) if a Tax Event has occurred or (iii) if a Capital Disqualification Event has occurred (in each case, as defined in the Conditions), or (b) repurchase the Capital Securities at any time in accordance with the then prevailing Regulatory Capital Requirements.

**The Capital Securities 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 pages 3 and 4 of this Offering Circular for further information. Potential investors should read the whole of this document, in particular the section entitled “Risk Factors” set out on pages 10 to 34.**

Application has been made to the London Stock Exchange plc (the “**London Stock Exchange**”) for the Capital Securities to be admitted to the London Stock Exchange’s International Securities Market (“**ISM**”). References in this Offering Circular to the Capital Securities being “admitted to trading” (and all related references) shall mean that such Capital Securities have been admitted to trading on the ISM. The ISM is not a 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**”). This Offering Circular does not constitute a prospectus for the purposes 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 Capital Securities.

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

The Capital Securities will be issued in registered form and transferable in minimum denominations of £200,000 and integral multiples of £200,000 in excess thereof. The Capital Securities will be initially represented by a global certificate in registered form (the “**Global Certificate**”) and 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 Capital Securities have not been, and will not be, registered under the United States Securities Act 1933, as amended (the “**Securities Act**”). The Capital Securities 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.

## IMPORTANT NOTICES

The Issuer accepts responsibility for the information contained in this Offering Circular and, having taken all reasonable care to ensure that such is the case, the information contained in this Offering Circular 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.

This Offering Circular is to be read in conjunction with all the documents which are incorporated herein by reference (see "*Information Incorporated by Reference*"). This Offering Circular shall be read and construed on the basis that such documents are so incorporated and form part of this Offering Circular.

To the fullest extent permitted by law, the Principal Paying Agent, the Transfer Agent, the Registrar, the Conversion Agent and the Agent Bank (together the "**Agents**" and each an "**Agent**") and Citicorp Trustee Company Limited (the "**Trustee**") accept no responsibility whatsoever for the contents of this Offering Circular or for any other statement made or purported to be made by the Trustee or an Agent or on its behalf in connection with the Issuer or the issue and offering of the Capital Securities. Each of the Trustee and each Agent 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 this Offering Circular or any such statement.

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

No person is authorised to give any information or to make any representation not contained in this Offering Circular 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 Trustee or the Agents. Neither the delivery of this Offering Circular 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 this Offering Circular has 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 this Offering Circular has been most recently amended or supplemented or that the information contained in it or any other information supplied in connection with the Capital Securities is correct as of any time subsequent to the date on which it is supplied or, if different, the date indicated in the document containing the same.

Neither this Offering Circular nor any financial statements nor any further information supplied pursuant to the terms of the Capital Securities 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 Trustee or the Agents, that any recipient of this Offering Circular or any financial statements or any further information supplied pursuant to the terms of the Capital Securities should subscribe for or purchase any of the Capital Securities. Each investor contemplating purchasing Capital Securities 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 Capital Securities is not equivalent to an investment in a bank deposit. Although an investment in the Capital Securities may give rise to higher yields than a bank deposit placed with a member of the Issuer or another member of its group, an investment in the Capital Securities carries risks which are very different from the risk profile of such deposit. Unlike a bank deposit, the Capital Securities are transferrable. However, the Capital Securities will have no established trading market when issued, and one may never develop.

The Capital Securities have not been and will not be registered under the Securities Act. Subject to certain exemptions, Capital Securities may not be offered, sold or delivered within the United States or to United States persons.

### **Prohibition on Marketing and Sales to Retail Investors**

1. The Capital Securities discussed in this Offering Circular are complex financial instruments. They are not a suitable or appropriate investment for all investors, especially retail investors. In some jurisdictions, regulatory authorities have adopted or published laws, regulations or guidance with respect to the offer or sale of securities such as the Capital Securities. Potential investors in the Capital Securities should inform themselves of, and comply with, any applicable laws, regulations or regulatory guidance with respect to any resale of the Capital Securities (or any beneficial interests therein).
2.
  - (a) In the UK, the FCA Conduct of Business Sourcebook (“**COBS**”) requires, in summary, that the Capital Securities should not be offered or sold to retail clients (as defined in COBS 3.4 and each a “**retail client**”) in the UK.
  - (b) The Issuer is required to comply with COBS.
  - (c) By purchasing, or making or accepting an offer to purchase, any Capital Securities (or a beneficial interest in such Capital Securities) from the Issuer, each prospective investor represents, warrants, agrees with and undertakes to the Issuer that:
    - (i) it is not a retail client in the UK; and
    - (ii) it will not sell or offer the Capital Securities (or any beneficial interest therein) to retail clients in the UK or communicate (including the distribution of this Offering Circular) or approve an invitation or inducement to participate in, acquire or underwrite the Capital Securities (or any beneficial interests therein) where that invitation or inducement is addressed to or disseminated in such a way that it is likely to be received by a retail client in the UK.
  - (d) In selling or offering the Capital Securities or making or approving communications relating to the Capital Securities you may not rely on the limited exemptions set out in COBS.
3. The obligations in paragraph 2. above are in addition to the need to comply at all times with all other applicable laws, regulations and regulatory guidance (whether inside or outside the EEA or the UK) relating to the promotion, offering, distribution and/or sale of the Capital Securities (or any beneficial interests therein), whether or not specifically mentioned in the Offering Circular, including (without limitation) any requirements under the Markets in Financial Instruments Directive 2014/65/EU (as amended) (“**MiFID II**”) or the UK FCA Handbook as to determining the appropriateness and/or suitability of an investment in the Capital Securities (or any beneficial interests therein) for investors in any relevant jurisdiction.

Where acting as agent on behalf of a disclosed or undisclosed client when purchasing, or making or accepting an offer to purchase, any Capital Securities (or any beneficial interests therein) from the Issuer, the foregoing representations, warranties, agreements and undertakings will be given by and be binding upon both the agent and its underlying client.

**PROHIBITION OF SALES TO EEA RETAIL INVESTORS** – The Capital Securities 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 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 “**PRIIPs Regulation**”) for offering or selling the Capital Securities or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Capital Securities or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

**PROHIBITION OF SALES TO UK RETAIL INVESTORS** – The Capital Securities 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 the PRIIPs Regulation as it forms part of domestic law by virtue of the EUWA (the “**UK PRIIPs Regulation**”) for offering or selling the Capital Securities or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the Capital Securities 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 Capital Securities has led to the conclusion that: (i) the target market for the Capital Securities is only eligible counterparties, as defined in the FCA Handbook Conduct of Business Sourcebook (“**COBS**”), and professional clients, as defined in the UK MiFIR; and (ii) all channels for distribution of the Capital Securities to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Capital Securities (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 Capital Securities (by either adopting or refining the manufacturer’s target market assessment) and determining appropriate distribution channels.

### **The Capital Securities are complex financial instruments**

The Capital Securities are complex financial instruments that involve a high degree of risk and such instruments may be purchased by investors as a way to reduce risk or enhance yield with an understood, measured, appropriate addition of risk to their overall portfolios. Each potential investor in the Capital Securities should determine the suitability of such investment in light of its own circumstances. In particular, each potential investor should:

- (i) have sufficient knowledge, expertise (either alone or with the help of a financial adviser) and experience to make a meaningful evaluation of the Capital Securities (including, but not limited to, the effect or the likelihood of the occurrence of a Trigger Event for the Capital Securities which results in loss absorption by investors), the merits and risks of investing in the Capital Securities and the information contained or incorporated by reference in this Offering Circular;

- (ii) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Capital Securities and the impact such investment will have on its overall investment portfolio;
- (iii) have sufficient financial resources and liquidity to bear all of the risks of an investment in the Capital Securities, including where such potential investor's financial activities are principally denominated in a currency other than sterling, and the possibility that interest may not be paid on the Capital Securities and/or that the entire principal amount of the Capital Securities could be lost, including following the exercise of any regulatory capital write-down or conversion powers or the bail-in resolution power by the resolution authorities or following a Conversion;
- (iv) understand thoroughly the terms of the Capital Securities, such as the provisions governing a Conversion (including, in particular, the Issuer Group's CET1 Ratio, as well as under what circumstances the Trigger Event will occur), the statutory powers available to the Bank of England (the "BoE") to write-down or convert securities into ordinary shares and the determination of satisfaction of the Solvency Condition, and be familiar with the behaviour of any relevant indices and financial markets, including the possibility that the Capital Securities may become subject to write down or conversion if the Issuer should become non-viable; and
- (v) be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

The investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. Investors do not generally purchase complex financial instruments that bear a high degree of risk as stand-alone investments. Such instruments may be purchased as a way to reduce risk or enhance yield with an understood, measured, appropriate addition of risk to their overall portfolios. A potential investor should not invest in the Capital Securities, which are complex financial instruments, unless it has the expertise (either alone or with the help of a financial adviser) to evaluate how the Capital Securities will perform under changing conditions, the resulting effects on the value of the Capital Securities and the impact this investment will have on the potential investor's overall investment portfolio. Each potential investor should consult its legal advisers to determine whether and to what extent: (i) the Capital Securities are legal investments for it; (ii) the Capital Securities can be used as collateral for various types of borrowing; and (iii) other restrictions apply to its purchase or pledge of any Capital Securities. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of the Capital Securities under any applicable risk-based capital or similar rules.

## **GENERAL**

Unless otherwise specified or the context requires, references to "sterling", "GBP" and "£" are to pounds sterling. Certain figures included in this Offering Circular have been subject to rounding adjustments. Accordingly, figures shown for the same category presented in different tables may vary slightly, and figures shown as totals in certain tables may not total exactly.

## **FORWARD-LOOKING STATEMENTS**

This Offering Circular includes 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 this Offering Circular 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 Issuer Group, and the development of the markets and the industries in which members of the Issuer Group operate, may differ materially from those described in, or suggested by, the forward-looking statements contained in this Offering Circular. In addition, even if the Issuer Group's results of operations and financial position, and the development of the markets and the industries in which the Issuer Group operates, are consistent with the forward-looking statements contained in this Offering Circular, 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

This Offering Circular should be read and construed in conjunction with:

1. the following sections of the Base Prospectus dated 22 April 2024 (the “**Base Prospectus**”) relating to the TSB Banking Group plc £2,000,000,000 Euro Medium Term Note Programme and the TSB Bank plc £2,000,000,000 Euro Medium Term Note Programme:
  - a. those parts of the section entitled “*Risk Factors*” from and including the heading “*Risks relating to the Issuers and the Group*” to but excluding the heading “*Risks Relating to Benchmark Reform*” as set out on pages 13 to 40 of the Base Prospectus, save for the risk factor entitled “*The Group faces risks associated with its operations’ compliance with a wide range of laws and regulations*”;
  - b. the section entitled “*Information on the Group*” set out on pages 147 to 152 of the Base Prospectus, save for the sub-section entitled “*Introduction*” on page 147, the first paragraph under the heading “*Current Operations and Principal Activities*” on page 149 and the sub-section entitled “*Directors of the Company and the Bank*” on pages 151 to 152; and
  - c. the section entitled “*Supervision and Regulation*” set out on pages 153 to 166 of the Base Prospectus;
2. the audited consolidated financial statements of the Issuer for the financial year ended 31 December 2023, together with the audit report thereon, as set out on pages 55 to 109 and 116 to 123, respectively, of the Issuer’s annual report and accounts for the financial year ended 31 December 2023 (the “**2023 Financial Statements**”);
3. the audited consolidated financial statements of the Issuer for the financial year ended 31 December 2022, together with the audit report thereon, as set out on pages 61 to 115 and 122 to 129, respectively, of the Issuer’s annual report and accounts for the financial year ended 31 December 2022 (the “**2022 Financial Statements**”) and, together with the 2023 Financial Statements, the “**Issuer’s Financial Statements**”); and
4. the document entitled “TSB Banking Group plc Large Subsidiary Disclosures 31 December 2023” (the “**Issuer Pillar 3 Disclosures**”),  
(together, the “**Information Incorporated by Reference**”).

The Information Incorporated by Reference has been previously published or is published simultaneously with this Offering Circular and has been filed with the FCA. Such information in those documents shall be incorporated in, and form part of, this Offering Circular, save that any statement contained in any information which is incorporated by reference herein shall be modified or superseded for the purpose of this Offering Circular 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 this Offering Circular.

Those parts of the documents incorporated by reference in this Offering Circular which are not specifically incorporated by reference in this Offering Circular are either not relevant for prospective investors in the Capital Securities or the relevant information is included elsewhere in this Offering Circular. Any documents themselves incorporated by reference in the information incorporated by reference in this Offering Circular shall not form part of this Offering Circular.

Copies of the Base Prospectus and the Issuer’s Financial Statements may be obtained (without charge) from the Issuer’s website at <https://www.tsb.co.uk/investors/debt-investors/> and copies of the Issuer Pillar 3 Disclosures



may be obtained (without charge) from Banco de Sabadell, S.A.'s website at <https://www.grupbancsabadell.com/corp/en/shareholders-and-investors/economic-and-financial-information.html>.

## RISK FACTORS

*The Issuer believes that the following factors may affect its ability to fulfil its obligations under the Capital Securities. 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 Capital Securities, but the Issuer may be unable to pay interest, principal or other amounts on or in connection with any Capital Securities for other reasons and the Issuer does not represent that the statements below regarding the risks of holding any Capital Securities are exhaustive.*

*Factors which the Issuer believes may be material for the purpose of assessing the market risks associated with the Capital Securities are also described below.*

*Prospective investors should also read the detailed information set out elsewhere in this Offering Circular (including any information incorporated by reference herein, in particular, the risk factors described in the section entitled “Risks relating to the Issuers and the Group” as set out on pages 13 to 40 of the Base Prospectus) and reach their own views prior to making any investment decision.*

*Words and expressions defined in “Terms and Conditions of the Capital Securities” below shall have the same meanings in this Risk Factors section.*

### **Factors that may affect the Issuer’s ability to fulfil its obligations under or in connection with the Capital Securities.**

For a description of the risk factors which may affect the Issuer’s ability to fulfil its obligations under or in connection with the Capital Securities, prospective investors should refer to those parts of the section entitled “Risk Factors” from and including the heading “Risks relating to the Issuers and the Group” to but excluding the heading “Risks Relating to Benchmark Reform” as set out on pages 13 to 40 of the Base Prospectus, save for the risk factor entitled “The Group faces risks associated with its operations’ compliance with a wide range of laws and regulations”, which are incorporated by reference into this Offering Circular.

### **Risks relating to the Legal and Regulatory environment in which the Group operates**

#### ***The Group faces risks associated with its operations’ compliance with a wide range of laws and regulations***

The Group's operations must comply with numerous laws and regulations and, consequently, it faces risks, including but not limited to:

- continued high level of scrutiny of the treatment of customers by financial institutions from regulatory bodies, the press and politicians; the FCA continues to focus on retail conduct risk issues, as well as conduct of business activities through its supervision activity. This has been further strengthened through the implementation of the FCA’s rules on consumer duty for regulated firms (the “**Consumer Duty**”), which became effective for current products and services from 31 July 2023;
- the possibility of alleged mis-selling of financial products including misleading financial promotions or the mishandling of complaints, or alleged harm to customers, related to the sale or servicing of such products by or attributed to an employee of the Group may result in disciplinary action or requirements to amend sales or servicing processes, withdraw products or provide restitution to affected customers, all of which may require additional provisions. The FCA continues to focus on the supervision of financial promotions;
- certain aspects of the Group's business may be determined by the relevant authorities, the Financial Ombudsman Service (“**FOS**”) or the courts not to have been conducted in accordance with applicable local or, potentially, overseas laws or regulations or, in the case of the FOS, with what is fair and reasonable in the Ombudsman's opinion;

- a potential failure of processes, systems or security may expose the Group to heightened financial crime and/or fraud risk; the PRA, the Bank of England and the FCA continue to focus on the operational resilience of firms and financial markets infrastructures;
- contractual obligations may either not be enforceable as intended or may be enforced against the Group in an adverse way;
- the intellectual property of the Group (including trade marks) may not be adequately protected or enforceable, and the conduct of the Group's business may infringe the intellectual property of third parties;
- the Group may be liable for damages to third parties harmed by the conduct 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; and
- regulatory proceedings and private litigation may arise out of regulatory investigations, enforcement actions or otherwise (brought by individuals or groups of plaintiffs) in the UK and other jurisdictions.

The Group's failure to comply with applicable laws and regulations could lead to various risks for the Group including increased provisions, substantial monetary damages and/or fines. During 2020, management and the FCA commenced a skilled person review into support offered to customers who were in arrears and being serviced by TSB Bank plc's collections and recoveries department. Process, policy and system weaknesses were identified and addressed, customers who may have suffered either financial loss or distress and inconvenience were identified and appropriately remediated, and the skilled person review concluded in January 2023. In 2021, the FCA opened an enforcement investigation into the matters identified during the skilled person review. That investigation concluded in October 2024, with TSB being fined £10.9 million for failing to ensure customers who entered into collections and recoveries during 2014 to 2020 were treated fairly.

More broadly, the Group may be subject to other complaints and threatened or actual legal proceedings brought by customers that may lead to customer redress obligations, other penalties and injunctive relief, civil or private litigation arising out of a regulatory investigation, the potential for criminal prosecution in certain circumstances and regulatory restrictions on the Group's business. For example, the Group continues to manage certain customer complaints and court claims relating to the portfolio of ex-Northern Rock residential mortgages (and linked unsecured loans) acquired from Cerberus Capital Management group (the "**Whistletree Portfolio**"). The Group intends to defend the claims rigorously. In addition, following an FCA request for the Group to carry out an internal review into the fair treatment of customers in the Whistletree Portfolio, the Group has identified that a provision of £9.4 million is required for remediating customers where they potentially experienced barriers to completing a product transfer or to completing such transfer on a timely basis.

Provisions included within the published financial statements of the Group for on-going legal or regulatory matters have been recognised, in accordance with UK IAS 37 ("*Provisions, Contingent Liabilities and Contingent Assets*"), as the best estimate of the expenditure required to settle the obligation as at the reporting date. Such estimates may be material, difficult to quantify and uncertain. Amounts which the Group is eventually liable to pay may be materially different to the amount of provisions set aside to cover such risks, or existing provisions may need to be materially increased to cover such risk or in response to changing circumstances.

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

Due to the Lloyds Separation, the Group is also subject to the risk of potential customer complaints, claims, regulatory actions and/or losses in relation to historic breaches or alleged breaches of applicable laws or regulation prior to the Lloyds Separation. At the time of the Lloyds Separation, Lloyds Banking Group provided an indemnity in respect of such claims (the “**Conduct Indemnity**”). For regulatory actions, claims and complaints that do not relate to mortgages, the Conduct Indemnity expired in June 2024.

Furthermore, all claims (whether mortgages related or otherwise) by the Group under the indemnity are subject to certain conditions, including but not limited to, an obligation for the Group to mitigate any potential losses that might fall within the scope of the Conduct Indemnity. The Conduct Indemnity does not cover any complaints, claims, or regulatory actions and/or losses in relation to historic breaches or alleged breaches of applicable laws or regulation arising in respect of the Whistletree Portfolio.

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

Any of the above risks, should they materialise, could have a negative effect on the Group’s reputation and the confidence of its customers in the Group, as well as taking a significant amount of management time and resources away from the implementation of the Group’s strategy and could have an adverse impact on the Group’s business, financial condition and results of operations. This in turn could affect the relevant Issuer’s ability to fulfil its obligations under the Notes.

#### **Risks relating to the structure of the Capital Securities**

The Capital Securities have features which entail particular risks for potential investors. Set out below is a description of certain such features. Unless the context otherwise requires, capitalised terms used below shall have the meanings given to them in the Conditions.

***Interest payments on the Capital Securities are discretionary and the Issuer may cancel interest payments, in whole or in part, at any time. Cancelled interest shall not accumulate and will not become due or be payable at any time thereafter and investors shall have no rights thereto***

Interest on the Capital Securities will be due and payable only at the sole discretion of the Issuer and the Issuer shall have absolute discretion at all times and for any reason to cancel any interest payment in whole or in part that would otherwise be payable on any date. The Issuer’s ability to pay interest is also subject to additional restrictions:

- (i) Condition 3(b) (*Solvency Condition*) in relation to the solvency of the Issuer at and following the time of payment;
- (ii) Conditions 5(b) (Mandatory Cancellation of Interest – Insufficient Distributable Items), 5(c) (Mandatory Cancellation of Interest – Maximum Distributable Amount) and 5(d) (Mandatory Cancellation of Interest – Relevant Authority Order) in relation to certain restrictions on the making of interest payments; and
- (iii) Condition 6(a)(i) (*Conversion*) in relation to interest in respect of an Interest Payment Date which falls on or after the date of a Trigger Event.

If the Issuer cancels any scheduled interest payment, such interest payment shall not be or become due and payable at any time thereafter and in no event will Holders have any right to or claim against the Issuer with

respect to such interest amount or be able to accelerate the principal of the Capital Securities as a result of such interest cancellation. Furthermore, no cancellation of interest in accordance with the Conditions shall constitute a default or an event of default by the Issuer for any purpose (whether under the Capital Securities or otherwise). There can, therefore, be no assurances that a Holder will receive any interest payments in respect of the Capital Securities.

Following cancellation of any interest payment the Issuer will not be in any way limited or restricted from making any distribution or equivalent payments in connection with any Parity Securities or Junior Securities, including dividend payments on the TSBBG Ordinary Shares or preference shares (if any). The Issuer may therefore cancel (in whole or in part) any interest payment on the Capital Securities at its discretion and may pay dividends on its ordinary shares or preference shares (if any) or on any other additional tier 1 securities notwithstanding such cancellation. In addition, the Issuer may without restriction use funds that could have been applied to make such cancelled payments to meet its other obligations as they become due.

***The Capital Securities have no scheduled maturity and Holders only have a limited ability to exit their investment in the Capital Securities***

The Capital Securities are perpetual securities and have no fixed maturity date or fixed redemption date. Although under certain circumstances, as described under Condition 7 (*Redemption, Substitution, Variation and Purchase*), the Issuer may redeem the Capital Securities, the Issuer is under no obligation to do so and Holders have no right to call for their redemption. Therefore, Holders have no ability to exit their investment, except (i) if the Issuer exercises its rights to redeem the Capital Securities in accordance with their terms and applicable laws, (ii) by selling their Capital Securities or, following the occurrence of the Trigger Event and the issue and delivery of the TSBBG Ordinary Shares, their TSBBG Ordinary Shares, (iii) where the Trustee institutes proceedings for the winding-up of the Issuer where the Issuer fails to make payment in respect of the Capital Securities when due, in which limited circumstances the Holders may receive some of any resulting liquidation proceeds following payment being made in full to all creditors ranking senior to Holders, or (iv) upon a Winding-Up, in which limited circumstances the Holders may receive some of any resulting liquidation proceeds following payment being made in full to all creditors ranking senior to Holders. The proceeds, if any, realised by any of the actions described in (ii) to (iv) of the preceding sentence may be substantially less than the principal amount of the Capital Securities or amount of the investor's investment in the Capital Securities.

***In addition to the Issuer's right to cancel, in whole or in part, interest payments at any time, the terms of the Capital Securities also restrict the Issuer from making interest payments on the Capital Securities if (i) the Issuer has insufficient Distributable Items (based on its individual accounts and not on its consolidated accounts), (ii) the payment of any interest would, when aggregated with other relevant distributions, result in any maximum distributable amount then applicable to the Issuer Group being exceeded or (iii) the Competent Authority orders the Issuer to cancel such payment. In any such case such interest shall be deemed to have been cancelled. The Issuer will also be required to cancel interest payments if any payment cannot be made in compliance with the Solvency Condition***

The Issuer shall not make an interest payment on the Capital Securities on any date (and such interest payment shall therefore be deemed to have been cancelled and thus shall not be due and payable on such date) to the extent that (i) the amount of such interest payment otherwise due, together with any interest payments or other distributions which have been paid or made during the then current Financial Year, or which are payable on such date, on the Capital Securities and on or in respect of any Parity Securities or any Junior Securities (excluding any such interest payments or other distributions which (a) are not required to be made out of Distributable Items or (b) have already been provided for, by way of deduction, in the calculation of Distributable Items) in aggregate would exceed the amount of Distributable Items of the Issuer as at such date; (ii) the amount of such interest payment otherwise due, together with other distributions of the kind referred to in any applicable provisions of the Regulatory Capital Requirements which require a maximum distributable

amount to be calculated and which are required under prevailing Regulatory Capital Requirements to be taken into account for this purpose, in aggregate would cause the Maximum Distributable Amount (if any) then applicable to the Issuer Group to be exceeded; or (iii) the Relevant Authority orders the Issuer to cancel such payment.

Furthermore, no amount of any interest payment on the Capital Securities shall be due and payable if Condition 3(b) (*Solvency Condition*) in relation to the solvency of the Issuer is not satisfied in respect of such interest payment.

Although the Issuer may, in its sole and absolute discretion, elect to make a partial interest payment on the Capital Securities on any Interest Payment Date, it may only do so to the extent that such partial interest payment may be made without breaching the restrictions in the preceding paragraphs.

Any interest payment which is deemed cancelled or in respect of which Condition 3(b) (*Solvency Condition*) is not satisfied shall not be due and shall not accumulate or be payable at any time thereafter, and Holders shall have no rights thereto or to receive any additional interest or compensation as a result of such deemed cancellation. Furthermore, no cancellation of interest in accordance with the Conditions shall constitute a default or an event of default by the Issuer for any purpose.

See also “*Risks relating to the structure of the Capital Securities – UK CRD places restrictions on distributions that will restrict the Issuer from making interest payments on the Capital Securities in certain circumstances, in which case the Issuer will cancel such interest payments. In addition, the PRA has the power under sections 55M and 192C of the FSMA to restrict or prohibit payments of interest by the Issuer to Holders.*” below.

***As a holding company, the level of the Issuer’s Distributable Items is affected by a number of factors, and insufficient Distributable Items will restrict the Issuer’s ability to make interest payments on the Capital Securities***

As a holding company, the level of the Issuer’s Distributable Items is affected by a number of factors, principally its ability to receive funds, directly or indirectly, from its operating subsidiaries in a manner which creates Distributable Items. Consequently, the Issuer’s future Distributable Items, and therefore the Issuer’s ability to make interest payments on the Capital Securities, are a function of the Issuer’s existing Distributable Items, future Issuer Group profitability and performance and the ability to distribute or dividend profits from the Issuer’s operating subsidiaries up the Issuer Group structure to the Issuer. In addition, the Issuer’s Distributable Items will also be reduced by the servicing of other debt and equity instruments.

The ability of the Issuer’s subsidiaries to pay dividends and the Issuer’s ability to receive distributions and other payments from the Issuer’s investments in other entities is subject to applicable laws and other restrictions, including their respective regulatory, capital and leverage requirements, statutory reserves, financial and operating performance and applicable tax laws, and any changes thereto. These laws and restrictions could limit the payment of dividends, distributions and other payments to the Issuer by the Issuer’s subsidiaries, which could in time restrict the Issuer’s ability to fund other operations or to maintain or increase its Distributable Items.

***UK CRD places restrictions on distributions that will restrict the Issuer from making interest payments on the Capital Securities in certain circumstances, in which case the Issuer will cancel such interest payments. In addition, the PRA has the power under sections 55M and 192C of the FSMA to restrict or prohibit payments of interest by the Issuer to Holders***

Directive 2013/36/EU (“**CRD IV**”) introduced capital buffer requirements that are in addition to the Pillar 1 requirements and Pillar 2A requirement and are required to be met with CET1 Capital. In particular, five new capital buffers were introduced: (i) the capital conservation buffer, (ii) the institution-specific countercyclical buffer, (iii) the global systemically important institutions (“**G-SII**”) buffer, (iv) the other systemically important

institutions (“**O-SII**”) buffer and (v) the systemic risk buffer (“**SRB**”). Some or all of these buffers may be applicable to the Issuer Group as determined by the PRA. The “combined buffer requirement” is, broadly, the combination of the capital conservation buffer, the institution-specific countercyclical buffer and the SRB applied cumulatively with the higher of (depending on the institution) the G-SII buffer and the O-SII buffer, in each case as applicable to the institution. The G-SII buffer and the O-SII buffer are not presently applicable to the Issuer Group, but it is possible that the PRA could extend the scope of such buffers, or that the Issuer Group could meet the thresholds for such buffers over time.

In a policy statement published in November 2016 (PS30/16) and a supervisory statement published in December 2017 (SS16/16), the PRA indicated that firms failing to meet the “combined buffer requirement” and the PRA buffer described below will be expected to notify the PRA of this as soon as practicable and that such firms can expect enhanced supervisory action and should prepare a capital restoration plan.

Under Rule 4.3 of the Capital Buffers part of the PRA Rulebook (or, as applicable, Rule 6.2(2) of the PRA’s Voluntary Requirement (VREQ) – Capital Buffers and Pillar 2A Model Requirements or any succeeding provision(s) amending or replacing such rule), institutions that fail to meet the combined buffer requirement are subject to restricted discretionary payments (which include payments relating to common equity tier 1 capital such as the TSBBG Ordinary Shares, variable remuneration and payments on additional tier 1 instruments such as the Capital Securities). The Issuer would be considered to fail to meet the combined buffer requirement for the purposes of Rule 4.3 of the Capital Buffers part of the PRA Rulebook in the event that common equity tier 1 capital maintained by the Issuer which is not used to meet (i) its 4.5 per cent. CET1 capital ratio requirement; (ii) its 6 per cent. Tier 1 capital ratio requirement; and (iii) its 8 per cent. total capital ratio requirement does not meet the combined buffer. Pursuant to policy statements published in December 2020 (PS26/20 and PS29/20), in addition to increasing the Pillar 2A composition requirement from 56 per cent. CET1 capital to 56.25 per cent. CET1 capital, the PRA removed the restriction on firms from making distributions that would cause their CET1 levels to fall into the combined buffer from the end of the Brexit transition period, but expects that firms provide the PRA with advance notice of any distribution that would bring a firm’s capital levels into the combined buffer, a requirement consistent with BCBS standards.

Once a firm fails to meet its combined buffer for the purposes of Rule 4.3 of the Capital Buffers part of the PRA Rulebook, firms are subject to mandatory restrictions on the amount of certain distributions or payments they can make. This maximum amount of discretionary payments (the “**maximum distributable amount**”) is calculated by multiplying by a scaling factor the sum of the profits of the institution earned in each of the past four calendar quarters, less, in each case (i) tax which would be payable if the undistributed profits of the past four calendar quarters were to be retained or (ii) any distributions of profits or payments resulting from the actions which are subject to mandatory restrictions. As an example, the scaling is such that in the bottom quartile of the combined buffer, all discretionary payments are prohibited. In the event of breach of the combined buffer requirement, the Issuer will be required to calculate its maximum distributable amount, and as a consequence it may be necessary for the Issuer to reduce discretionary payments, including potentially exercising its discretion to cancel (in whole or in part) interest payments in respect of the Capital Securities.

Firms that do not hold an amount of CET1 equal to or greater than their applicable leverage ratio buffers above their minimum leverage ratio requirements will not face automatic restrictions on their distributions; however, where a firm does not hold an amount of CET1 capital that is equal to or greater than the sum of (i) its countercyclical leverage ratio buffer (“**CCLB**”) (currently calibrated at 35 per cent. of the countercyclical capital buffer rate), (ii) its additional leverage ratio buffer (“**ALRB**”) (currently calibrated at 35 per cent. of the G-SII buffer rate) (as applicable) and (iii) the CET1 component of its minimum leverage ratio requirements, it must notify the PRA immediately and prepare a capital plan and submit it to the PRA. This may, but would not automatically, provide for or result in restrictions on discretionary payments being made by such firms. The Issuer Group is not currently subject to minimum leverage ratio requirements, CCLB or ALRB, but it is possible

that the PRA could extend the scope of such requirements, or that the Issuer Group could meet the thresholds for such requirements over time.

The PRA also has additional tools to require firms to hold additional capital, including, for example, a “PRA buffer” (which replaced the PRA Capital Planning Buffer), which forms part of the Pillar 2B capital buffers and supplements the combined buffer requirement. The PRA buffer must be met fully with CET1 capital. The Pillar 2B requirement is not publicly disclosed and is set for each bank individually. Like Pillar 2A, it is a point in time assessment that, in respect of UK firms, is made by the PRA and is expected to vary over time. A failure to satisfy the PRA buffer, if one were to be imposed on the Issuer Group, could result in the Issuer Group being required to prepare a capital restoration plan. This may, but would not automatically, provide for or result in restrictions on discretionary payments being made by the Issuer Group.

Investors may not be able to predict accurately the proximity of the risk of discretionary payments on the Capital Securities being prohibited from time to time.

The Issuer Group is also subject to a minimum requirement for own funds and eligible liabilities (“**MREL**”), which includes a component reflecting the Financial Stability Board’s standards on total loss absorbency capacity (“**TLAC**”). MREL is intended to ensure that there is sufficient equity and specific types of liabilities to facilitate an orderly resolution that minimises any impact on financial stability and ensuring the continuity of critical functions and avoids exposing taxpayers to loss. The PRA expects firms not to double count CET1 towards both MREL and the amount reflecting the risk-weighted capital and leverage buffers. Under PRA Supervisory Statement (SS16/16), if a firm does not have, or expects that it will not have, sufficient CET1, in addition to any own funds and liabilities counted towards its MREL, to meet the amount of CET1 it should maintain for the purposes of risk-weighted capital and leverage buffer requirements, the firm will be considered to have used, or be about to use, the buffers of the regime where the total amount of capital required to meet minimum requirements plus buffers (risk-weighted capital or leverage) is largest.

The requirements described above may be breached where sufficient levels of own funds and eligible liabilities are not held to meet capital buffer requirements, leverage buffer requirements and MREL (including the additional buffer requirements). Failure to meet the combined buffer requirement may result in a maximum amount of discretionary payments which can be made (including payments on additional tier 1 instruments such as the Capital Securities). A breach of any of the requirements above could result in the need to prepare a capital restoration plan, which may provide for or result in restrictions on discretionary payments, which may result in the cancellation (in whole or in part) of interest payments in respect of the Capital Securities.

More generally, the PRA has broad powers under sections 55M and 192C of the FSMA to impose requirements on the Issuer to strengthen its capital position, the effect of which could be to restrict or prohibit payments of interest on the Capital Securities. If the PRA imposes such a requirement, the Issuer will exercise its discretion to cancel (in whole or in part, as required by the PRA) interest payments in respect of the Capital Securities. The risk of any such intervention by the PRA is most likely to materialise if at any time the Issuer is failing, or is expected to fail, to meet its capital requirements or buffer requirements.

Moreover, the Issuer’s capital requirements, including Pillar 2A requirements, are, by their nature, calculated by reference to a number of factors any one of which or combination of which may not be easily observable or capable of calculation by investors. The interaction of restrictions on distributions (including interest payments on the Capital Securities) with, and the impact of, the capital requirements and buffers and leverage framework applicable to the Issuer Group, as well as the current implementation of MREL/TLAC requirements, remain uncertain in many respects. Changes to these rules could also result in more own funds and eligible liabilities being required to be held by a financial institution in order to prevent maximum distributable amount restrictions from applying. As a result of such uncertainty, investors may not be able to anticipate whether the Issuer’s



ability to make interest payments in respect of additional tier 1 instruments such as the Capital Securities may be reduced.

***The Capital Securities may be traded with accrued interest, but under certain circumstances described above, such interest may be cancelled and not paid on the relevant date***

The Capital Securities may trade, and/or the prices for the Capital Securities may appear, on the ISM and in other trading systems with accrued interest. If this occurs, purchasers of Capital Securities in the secondary market will pay a price that reflects such accrued interest upon purchase of the Capital Securities.

However, if a payment of interest on any date is cancelled or deemed cancelled (in each case, in whole or in part) as described herein and thus is not due and payable, purchasers of such Capital Securities will not be entitled to that interest payment (or if the Issuer elects to make a payment of a portion, but not all, of such interest payment, the portion of such interest payment not paid) on the relevant date.

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

The Capital Securities will bear interest at an initial fixed rate of interest to, but excluding, the First Reset Date. From, and including, the First Reset Date, and on every Reset Date thereafter, unless redeemed, the interest rate will (unless a Benchmark Event has occurred, in which case the relevant Reset Rate of Interest shall be determined pursuant to and in accordance with Condition 4(i)) be reset to the Reset Rate of Interest to be determined by the Agent Bank, as the sum of the relevant Reset Reference Rate and the Margin (as described in Condition 4(d) (*Reset Rate of Interest*)). This reset rate could be less than the initial interest rate and/or the interest rate that applies immediately prior to such Reset Date, which could affect the amount of any interest payments under the Capital Securities and so the market value of an investment in the Capital Securities.

***Reform of SONIA may impact the calculation of the Reset Reference Rate and may adversely affect the value and return of the Capital Securities***

*Benchmark Regulation and reform*

The Reset Reference Rate used to calculate the Reset Rate of Interest on the First Reset Date and on each subsequent Reset Date is linked to SONIA, which is deemed a “benchmark”. Various interest rate benchmarks are the subject of on-going national and international regulatory guidance and proposals for reform.

The Benchmark Regulation (Regulation (EU) 2016/1011) as it forms part of domestic law by virtue of the EUWA (the “UK BMR”) contains requirements with respect to the provision of a wide range of benchmarks, the contribution of input data to a benchmark and the use of a benchmark within the UK. In particular, the UK BMR, among other things, (i) requires benchmark administrators to be authorised or registered (or, if non UK-based, to be subject to an equivalent regime or otherwise recognised or endorsed) and to comply with extensive requirements in relation to the administration of benchmarks and (ii) prevents certain uses by UK-supervised entities of benchmarks of administrators that are not authorised or registered (or, if non-UK based, deemed equivalent or recognised or endorsed).

These reforms and other pressures may cause one or more interest rate benchmarks to disappear entirely, to perform differently than in the past (as a result of a change in methodology or otherwise), create disincentives for market participants to continue to administer or participate in certain benchmarks or have other consequences which cannot be predicted. Any of the above changes or any other consequential changes as a result of international or national reforms or other initiatives or investigations, could have a material adverse effect on the value of and return on the Capital Securities.

Based on the foregoing, prospective investors should in particular be aware that:

- (a) any of these reforms or pressures described above or any other changes to SONIA could affect the level of the published rate, including to cause it to be lower and/or more volatile than it would otherwise be; and
- (b) if SONIA is discontinued or is otherwise unavailable, then in circumstances where an amendment as described in paragraph (c) below has not been made at the relevant time, a Reset Rate of Interest on the Capital Securities will be determined by the fallback provisions provided for in the definition of “Reset Reference Rate” in Condition 20, although such provisions, in cases where they are dependent in part upon the provision by reference banks of offered quotations for leading swap dealers in the sterling interbank market, may not operate as intended (depending on market circumstances and the availability of rates information at the relevant time) and may in certain circumstances result in the effective application of a fixed rate based on the rate which applied in the previous period when SONIA was available. See “*Fallbacks under the Conditions*” below for more details; and
- (c) while an amendment may be made under Condition 4(i) (*Benchmark Discontinuation*) to change the Original Reference Rate to an alternative base rate under certain circumstances broadly related to SONIA dysfunction or discontinuation and subject to certain conditions being satisfied, there can be no assurance that any such amendment will be made or, if made, that it (i) will fully or effectively mitigate all relevant interest rate risks or result in an equivalent methodology for determining the interest rates on the Capital Securities or (ii) will be made prior to any date on which any of the risks described in this risk factor may become. See “*Benchmark Events*” below for more details.

#### *Fallbacks under the Conditions*

The Conditions provide for certain fallback arrangements if the Original Reference Rate becomes unavailable. Where the Screen Page is not available or the relevant rate does not appear on the Screen Page, the Conditions provide for the Reset Rate of Interest to be determined by the Agent Bank by reference to quotations from banks communicated to the Issuer (and then provided by the Issuer to the Agent Bank).

Where such quotations are not available (as may be the case if the relevant banks are not submitting rates for the determination of such Original Reference Rate), the ultimate fallback for the purposes of calculation of interest for a particular Reset Period may result in the rate of interest for the last preceding Reset Period being used. This may result in the effective application of a fixed rate based on the Reset Rate of Interest for a preceding Reset Period or, as the case may be, the application of the Initial Fixed Interest Rate. Uncertainty as to the continuation of the Original Reference Rate, the availability of quotes from reference banks, and the rate that would be applicable if the Original Reference Rate is discontinued may adversely affect the value of, and return on, the Capital Securities.

#### *Benchmark Events*

If the Issuer determines that a Benchmark Event (which, amongst other events, includes the permanent discontinuation of the Original Reference Rate) has occurred, the Issuer shall use its reasonable endeavours to appoint an Independent Adviser, and will determine, in consultation with such Independent Adviser (if any), a Successor Rate or Alternative Rate (and, in either case, an Adjustment Spread) to be used in place of the Original Reference Rate. The use of any such Successor Rate or Alternative Rate, together with an Adjustment Spread, to determine the Reset Rate of Interest will result in the Capital Securities performing differently (which may include payment of a lower Reset Rate of Interest) than they would do if the Original Reference Rate were to continue to apply in its current form.

In particular, any such Adjustment Spread may not be effective to reduce or eliminate the relevant prejudice to the Holders.

Furthermore, if a Successor Rate or Alternative Rate (and, in either case, an Adjustment Spread) is determined by the Issuer, in consultation with the Independent Adviser (if any), the Conditions provide that the Issuer may vary the Conditions, as necessary to ensure the proper operation of such Successor Rate or Alternative Rate (and Adjustment Spread), without any requirement for consent or approval of the Holders.

Where the Issuer is unable to determine a Successor Rate or Alternative Rate and, in either case, an Adjustment Spread (or the formula or methodology for determining such Adjustment Spread) before the next Reset Determination Date, the Reset Rate of Interest for the next succeeding Reset Period will be the Reset Rate of Interest in respect of the immediately preceding Interest Period. If the First Reset Date has not yet occurred, the Reset Rate of Interest shall be the Initial Fixed Interest Rate. Applying the Initial Fixed Interest Rate, or the Reset Rate of Interest in respect of the immediately preceding Interest Period will result in the Capital Securities performing differently (which may include payment of a lower Reset Rate of Interest) than they would do if the relevant benchmark were to continue to apply, or if a Successor Rate or Alternative Rate and, in either case, an Adjustment Spread could be determined.

If the Issuer fails to determine a Successor Rate or Alternative Rate and, in either case, an Adjustment Spread for the life of the Capital Securities, the Initial Fixed Interest Rate, or the Reset Rate of Interest in respect of the immediately preceding Interest Period before the occurrence of the Benchmark Event, will continue to apply. This will result in the Capital Securities in effect becoming fixed rate instruments.

*The market continues to develop in relation to SONIA*

Investors should be aware that the market continues to develop in relation to SONIA as a reference rate in the capital markets and its adoption as an alternative to Sterling London Inter-Bank Offered Rate. In particular, market participants and relevant working groups continue to explore alternative reference rates based on SONIA, including various ways to produce term versions of SONIA (which seek to measure the market's forward expectation of an average SONIA rate over a designated term, as it is an overnight rate). The market or a significant part thereof may adopt an application of SONIA that differs significantly from that set out in the Conditions and used in relation to the Capital Securities. In addition, the methodology for determining any overnight rate index by reference to which the Reset Rate of Interest may be calculated could change during the life of the Capital Securities. The continued development of SONIA as an interest reference rate for the Eurobond markets, as well as continued development of SONIA-based rates for such market and the market infrastructure for adopting such rates, could result in reduced liquidity or increased volatility or could otherwise affect the market price of the Capital Securities.

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

Further, if SONIA does not prove to be widely used in securities such as the Capital Securities, the trading price of the Capital Securities may be lower than if they were linked to indices that are more widely used. Investors in the Capital Securities may not be able to sell the Capital Securities at all or may not be able to sell the Capital Securities at prices that will provide them with a yield comparable to similar investments that have a developed secondary market, and may consequently suffer from increased pricing volatility and market risk.

Investors should consider these matters when making their investment decision with respect to the Capital Securities.

***The Capital Securities will be subject to Conversion following the occurrence of the Trigger Event, in which case the Holders will lose all or part of the value of their investment in the Capital Securities***

Upon Conversion following the Trigger Event, the Capital Securities will be converted into TSBBG Ordinary Shares on the Conversion Date. Once the TSBBG Ordinary Shares have been issued and delivered to the Settlement Shares Depository, all of the Issuer's obligations under the Capital Securities shall be irrevocably discharged and satisfied and under no circumstances shall such released obligations be reinstated. Accordingly, if a Trigger Event occurs, Holders will lose all or part of the value of their investment in the Capital Securities, as, following a Conversion, they will receive only the TSBBG Ordinary Shares. Any TSBBG Ordinary Shares received upon Conversion may have a value significantly below the principal amount of the Capital Securities held by a Holder. The Conversion Price at the time the TSBBG Ordinary Shares are issued may not reflect the market price or fair value of the TSBBG Ordinary Shares, which could be significantly lower than the Conversion Price. Furthermore, upon Conversion, Holders will no longer have a debt claim in relation to principal and any accrued but unpaid interest on the Capital Securities shall be cancelled and shall not become due and payable at any time.

Any such Conversion will be irrevocable and, upon Conversion, Holders will not be entitled to any form of compensation in the event of the Issuer's potential recovery or change in the Issuer Group's CET1 Ratio. In addition, on or after the occurrence of the Trigger Event, if the Issuer does not deliver TSBBG Ordinary Shares to the Settlement Shares Depository, the only claims Holders will have against the Issuer will be to apply to the court to obtain an order requiring the Issuer to issue and deliver such TSBBG Ordinary Shares to the Settlement Shares Depository and to participate in the liquidation proceeds of the Issuer as if the TSBBG Ordinary Shares had been issued. Once the TSBBG Ordinary Shares to be delivered on Conversion have been issued and delivered to the Settlement Shares Depository, the only claims Holders will have will be against the Settlement Shares Depository for delivery of TSBBG Ordinary Shares.

The Trigger Event shall occur if at any time the Issuer Group's CET1 Ratio (which will be calculated on a consolidated basis) is less than 7.00 per cent. on such date. Whether the Trigger Event has occurred at any time shall be determined by the Issuer, the Relevant Authority or any agent of the Relevant Authority, and such determination shall be binding on the Trustee and the Holders.

As at 31 December 2023, the Issuer Group's CET1 Ratio was 16.7 per cent.

The conversion of the Capital Securities following the occurrence of a Trigger Event is separate and distinct from the exercise of regulatory capital write-down and conversion powers and bail-in resolution powers by a relevant resolution authority. It is possible that the regulatory capital write-down and conversion powers and/or the bail-in resolution powers could be exercised in respect of the Capital Securities prior to the occurrence of a Trigger Event. The outcome of any such exercise of these powers may include the Capital Securities being fully written down, in which case the Capital Securities would not be converted into TSBBG Ordinary Shares. The creditor protections which would apply if the bail-in resolution power is exercised would not apply if a Conversion occurs pursuant to the terms of the Capital Securities.

For a discussion of the risks associated with the calculation of the Issuer Group's CET1 Ratio see "*Risks relating to the structure of the Capital Securities - The circumstances surrounding or triggering a Conversion are inherently unpredictable and may be caused by factors outside of the Issuer's control. The Issuer has no contractual obligation to operate its business in such a way, or take any mitigating actions, to maintain or restore the CET1 Ratio of the Issuer Group to avoid the occurrence of the Trigger Event. Any future losses at the Issuer Group level and actions the Issuer Group takes could result in the CET1 Ratio of the Issuer Group falling and the Trigger Event occurring*" and "*Risks relating to the structure of the Capital Securities - Changes to the calculation of CET1 capital and/or risk weighted assets may negatively affect the Issuer Group's CET1*

*Ratio, thereby increasing the risk of the Trigger Event which will lead to Conversion, as a result of which the Capital Securities will automatically be converted into TSBBG Ordinary Shares”.*

***The circumstances surrounding or triggering a Conversion are inherently unpredictable and may be caused by factors outside of the Issuer’s control. The Issuer has no contractual obligation to operate its business in such a way, or take any mitigating actions, to maintain or restore the CET1 Ratio of the Issuer Group to avoid the occurrence of the Trigger Event. Any future losses at the Issuer Group level and actions the Issuer Group takes could result in the CET1 Ratio of the Issuer Group falling and the Trigger Event occurring***

The occurrence of the Trigger Event and, therefore, Conversion, is inherently unpredictable and depends on a number of factors, some of which may be outside of the Issuer’s control. Although the Issuer currently publicly reports the Issuer Group’s CET1 Ratio periodically, the PRA, or the then relevant regulatory body with primary responsibility for the prudential supervision of the Issuer and the Issuer Group (the “**Relevant Regulator**”), as part of its supervisory activity, may instruct the Issuer to calculate such ratio as at any date, including if the Issuer is subject to recovery and resolution actions by the body responsible for resolution activities under the Banking Act 2009 (the “**Resolution Authority**”), or the Issuer might otherwise determine to calculate such ratio in its own discretion. As such, Conversion could occur at any time. Moreover, it is likely that the Resolution Authority would allow the Trigger Event to occur rather than to resort to the use of public funds.

The Trigger Event could occur at any time if the Issuer Group’s CET1 Ratio is below 7.00 per cent. as at any such calculation date. The Issuer Group’s CET1 Ratio could be affected by, among other things, changes in, or the growth of, the Issuer’s business and the level of the Issuer’s future earnings or any losses incurred, dividend payments, regulatory changes (including changes to definitions and calculations of regulatory capital, including CET1 Capital and RWA (each of which shall be calculated by the Issuer on a consolidated basis and such calculation shall be binding on the Trustee and on the Holders)), actions that the Issuer is required to take at the direction of the Relevant Regulator, costs associated with regulatory changes, including in respect of any regulatory non-compliance, and the Issuer Group’s ability to manage RWA in both its ongoing businesses and those which it may seek to exit. In addition, to the extent that the Issuer Group has capital resources and/or RWA denominated in foreign currencies, changes in foreign exchange rates will result in changes in the pound sterling equivalent value of foreign currency denominated capital resources and RWA. Actions that the Issuer Group takes could also affect the Issuer Group’s CET1 Ratio, including causing it to decline. The Issuer has no obligation to increase its CET1 Capital, reduce its RWA or otherwise operate its business in such a way or take mitigating actions in order to prevent the Issuer Group’s CET1 Ratio from falling below 7.00 per cent., to maintain or increase the Issuer Group’s CET1 Ratio or to otherwise consider the interests of the Holders in connection with any of its business decisions that might affect the Issuer Group’s CET1 Ratio.

The calculation of the Issuer Group’s CET1 Ratio may also be affected by changes in applicable accounting rules, or by changes to regulatory adjustments which modify the regulatory capital impact of accounting rules. Moreover, even if changes in applicable accounting rules, or changes to regulatory adjustments which modify accounting rules, are not yet in force as of the relevant calculation date, the Relevant Regulator could require the Issuer to reflect such changes in any particular calculation of the Issuer Group’s CET1 Ratio.

Because of the inherent uncertainty regarding whether the Trigger Event will occur and there being no obligation on the Issuer’s part to prevent its occurrence, it will be difficult to predict when, if at all, Conversion could occur. Accordingly, the trading behaviour of the Capital Securities may not necessarily follow the trading behaviour of other types of subordinated securities, including the Issuer’s other subordinated debt securities. Fluctuations in the Issuer Group’s CET1 Ratio may be caused by changes in the amount of CET1 Capital and RWA as well as changes to their respective definitions under the capital adequacy standards and guidelines set by the Relevant Regulator. Any indication that the Issuer Group’s CET1 Ratio is moving towards the level

which would cause the occurrence of the Trigger Event may have an adverse effect on the market price and liquidity of the Capital Securities. Therefore, investors may not be able to sell their Capital Securities easily or at prices that will provide them with a yield comparable to other types of subordinated securities, including the Issuer's subordinated debt securities. In addition, the risk of Conversion could drive down the price of the TSBBG Ordinary Shares and have a material adverse effect on the value of any TSBBG Ordinary Shares received upon Conversion.

***Changes to the calculation of CET1 capital and/or risk weighted assets may negatively affect the Issuer Group's CET1 Ratio, thereby increasing the risk of the Trigger Event which will lead to Conversion, as a result of which the Capital Securities will automatically be converted into TSBBG Ordinary Shares***

Pursuant to UK CRD, the Issuer is required to calculate the Issuer Group's capital resources for regulatory purposes on the basis of CET1 Capital and its RWA, which represent assets adjusted for their associated risks. Each of these definitions will be calculated in accordance with the capital adequacy standards and guidelines applicable to the Issuer on the relevant date.

As at 31 December 2023, the Issuer Group's CET1 Ratio was 16.7 per cent. The Issuer Group's CET1 Ratio is not a UK-adopted international accounting standards measure, and the Issuer's interpretation of UK CRD and the basis of the Issuer's calculation of this financial measure may be different from those of other financial institutions.

The continuing impact of UK CRD on capital ratios may be materially different as the UK CRD requirements may change, whether as a result of changes to the domesticated versions of EU legislation and international standards, or changes to the way in which the PRA interprets and applies these requirements to UK banks. Additionally, the UK's capital requirements regime may be determined by reference to other applicable capital regulations in future. If PRA rules, guidance or expectations in relation to capital or leverage are amended in the future in a manner other than as set out in the statements released by the PRA to date, it could be materially more difficult for the Issuer Group to maintain compliance with prudential requirements and this could affect the Issuer Group's CET1 Ratio.

In December 2017, the Basel Committee on Banking Supervision ("BCBS") set out measures to finalise the Basel III framework. In summary, those measures aim to: (i) strengthen risk sensitivity and comparability in credit risk by way of minimum "input" floors for certain metrics; (ii) introduce a standardised approach to assessing credit valuation adjustment risk; (iii) introduce a standardised approach to assessing operational risk; (iv) provide safeguards against unsustainable levels of leverage through adding a leverage ratio buffer for global systemically important banks; and (v) ensure that banks calculate their "output" floors as being 72.5 per cent of total RWA. The UK implemented the first tranche of changes associated with Basel III in January 2022. These include the changes in relation to the counterparty risk, equity investments in funds and market risk RWAs and the leverage ratio. The PRA published its last set of near-final Basel 3.1 rules on 12 September 2024.

Investors should be aware that any changes to the UK CRD rules as currently implemented in the UK subsequent to the date hereof may individually and/or in the aggregate further negatively affect the Issuer Group's CET1 Ratio and thus increase the risk of the Trigger Event, which will lead to Conversion. Upon Conversion, provided that the Issuer issues and delivers the Ordinary Shares to the Conversion Shares Depository in accordance with the terms described herein, investors will have no further rights against the Issuer. In addition, the realisable value of the TSBBG Ordinary Shares may be below the Conversion Price. At the time the TSBBG Ordinary Shares are issued, the Conversion Price may not reflect the market price of the TSBBG Ordinary Shares, which could be significantly lower than the Conversion Price.

***The Capital Securities may be subject to the exercise of regulatory capital write-down and conversion powers, bail-in resolution powers or other powers by a relevant resolution authority or other government authorities***

Pursuant to the Banking Act 2009 (the “**Banking Act**”), the Capital Securities could be subject to the exercise of regulatory capital write-down or conversion powers in certain circumstances, including before a determination that the Issuer and/or the Issuer Group has reached the point of non-viability and before a determination by the relevant resolution authority to exercise resolution powers (including bail-in resolution powers). The Capital Securities (insofar as they have not already been written down or converted under such regulatory capital write-down or conversion powers) also fall within the scope of the resolution powers (including bail-in resolution powers) set out in the Banking Act. The determination that the regulatory capital write-down or conversion powers or the resolution powers (including bail-in resolution powers) will be exercised in respect of all or part of the principal amount of the Capital Securities may be unpredictable and may be outside of the Issuer’s control. Accordingly, trading behaviour in respect of the Capital Securities is not necessarily expected to follow trading behaviour associated with other types of securities. Any final determination, or actual or perceived increase in the likelihood, that such powers will be exercised in respect of the Capital Securities could have an adverse effect on the market price of the Capital Securities.

Potential investors should also consider the risk that a Holder may lose all of its investment in the Capital Securities and all of its claims to unpaid interest. Any principal, interest or other amounts written-off as a result of the application of either regulatory capital write-down or conversion powers or bail-in resolution powers would be irrevocably lost, and holders of such Capital Securities would cease to have any claims for (i) the written-off principal amount of the Capital Securities; and (ii) any unaccrued obligations or claims arising in relation to such amounts. In circumstances where the BoE (as the Resolution Authority) uses its bail-in resolution powers to reduce part of the principal amount of the Capital Securities, the terms of the Capital Securities would continue to apply in relation to the residual principal amount, subject to any modification to the amount of interest payable to reflect the reduction of the principal amount. Regulatory capital write-down or conversion powers or bail-in resolution powers could also be exercised in respect of the Capital Securities without the Holders receiving any TSBBG Ordinary Shares or other compensation for the loss of their investment in the Capital Securities. The Banking Act provides that, other than in certain limited circumstances as set out in the Banking Act, extraordinary governmental financial support will only be available to the Issuer as a last resort once all resolution tools, including the bail-in resolution powers above, have been exploited to the maximum extent possible. Accordingly, it is unlikely that Holders will benefit from such support even if it were provided.

If the BoE exercises its bail-in resolution powers, a safeguard applies which is designed to ensure that creditors do not incur greater losses than they would have incurred had the institution been wound up under normal insolvency proceedings immediately before the exercise of the resolution power, (the “no creditor worse off” principle). Notwithstanding this safeguard, a Holder could still lose all of its investment in the Capital Securities in the event that the BoE exercises its bail-in resolution powers in respect of the Capital Securities.

Although the exercise of the regulatory capital write-down or conversion powers and bail-in resolution powers under the Banking Act is subject to certain pre-conditions, there remains uncertainty regarding the specific factors (including, but not limited to, factors outside the control of the Issuer or not directly related to the Issuer) which the BoE would consider in deciding whether to exercise such power with respect to the Issuer and securities (including the Capital Securities) issued by it. The no creditor worse off principle does not apply in relation to the BoE’s exercise of regulatory capital write-down or conversion powers in circumstances where resolution powers are not also exercised, and there is therefore no guarantee that the BoE would exercise its regulatory capital write-down or conversion powers in accordance with the creditor hierarchy, although the Banking Act does require the Issuer to exercise those powers in a way that results in CET1 capital bearing first

losses ahead of Additional Tier 1 capital, Tier 2 capital, other subordinated instruments and senior liabilities. 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 the Capital Securities or any other securities. Moreover, as the BoE may have considerable discretion in relation to how and when it may exercise such power, holders of the Capital Securities may not be able to refer to publicly available criteria in order to anticipate a potential exercise of such power and consequently its potential effect on the Issuer and the Capital Securities.

It is also possible that legislators or regulators may seek to amend the scope, extent or conditions to the exercise of, such powers, either generally or on an institution-specific basis (including in a crisis scenario), which may result in the write-down or conversion of securities (including the Capital Securities) in a broader range of circumstances. The BoE is also not required to provide any advance notice to holders of the Capital Securities of its decision to exercise any regulatory capital write-down and conversion powers or resolution power. Therefore, Holders 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, the Issuer Group and the Capital Securities.

Furthermore, Holders may have only limited rights to challenge and/or seek a suspension of any decision of the BoE to exercise its resolution powers (including the bail-in tool) or to have that decision reviewed by a judicial or administrative process or otherwise. Accordingly, trading behaviour, including market prices and volatility, in respect of the Capital Securities is not necessarily expected to follow the trading behaviour associated with other types of securities that are not subject to such resolution powers. Further, the amendment of such recovery and resolution powers, and/or any implication or anticipation that they may be used, may have a significant adverse effect on the market price of the Capital Securities, even if such powers are not used.

***The Issuer's obligations under the Capital Securities are subordinated and the rights of the Holders will effectively be further subordinated upon Conversion into TSBBG Ordinary Shares***

The Issuer's obligations under the Capital Securities will be unsecured and subordinated and will rank junior in priority of payment to the current and future claims of all of its senior and certain of its subordinated creditors.

If a Winding-Up occurs prior to the occurrence of a Trigger Event, there shall be payable by the Issuer in respect of each Capital Security (in lieu of any other payment by the Issuer) such amount, if any, as would have been payable to the Holder of such Capital Security if, throughout such Winding-Up, such Holder were the holder of one of a class of preference shares in the capital of the Issuer ("**Notional Preference Shares**") having an equal right to a return of assets in the Winding-Up to, and so ranking *pari passu* with, the holders of the most senior class or classes of issued preference shares (if any) in the capital of the Issuer from time to time and which have a preferential right to a return of assets in the Winding-Up over, and so rank ahead of, the holders of all other classes of issued shares for the time being in the capital of the Issuer but at all times subject to any mandatory provisions of the laws of England and, subject thereto, ranking junior to the claims of Senior Creditors, on the assumption that the amount that such Holder was entitled to receive in respect of each Notional Preference Share on a return of assets in such Winding-Up were an amount equal to the principal amount of the relevant Capital Security together with any accrued but unpaid interest thereon (to the extent such interest has not been cancelled in accordance with these Conditions) and any damages awarded for breach by the Issuer of any obligations in respect of such Capital Security, whether or not Condition 3(b) (*Conditions to Payment*) in relation to the solvency of the Issuer is satisfied on the date upon which the same would otherwise be due and payable (and, in the case of an administration, on the assumption that such preference shareholders were entitled to claim and recover in respect of their preference shares to the same degree as in a Winding Up).

If a Winding-Up occurs concurrently with or after the occurrence of a Trigger Event, and where Conversion has not yet been effected, there shall be payable by the Issuer in respect of each Capital Security (in lieu of any other payment or any issue or delivery of TSBBG Ordinary Shares by the Issuer), such amount, if any, as would



have been payable to the Holder of such Capital Security if, on the day prior to the commencement of the Winding-Up and thereafter, such Holder were the holder of such number of TSBBG Ordinary Shares as that Holder would have been entitled to receive upon Conversion in accordance with Condition 6 (*Conversion*) (and, in the case of an administration, on the assumption that holders of TSBBG Ordinary Shares were entitled to claim and recover in respect of their TSBBG Ordinary Shares to the same degree as in a Winding-Up).

There is a risk that the Capital Securities will be subordinated to further indebtedness or other obligations of the Issuer. Subject to complying with applicable regulatory requirements, the Issuer expects from time to time to incur additional indebtedness or other obligations that will constitute senior and subordinated indebtedness, and the Capital Securities do not contain any provisions restricting the ability of the Issuer or its subsidiaries to incur senior or subordinated indebtedness. Although the Capital Securities may pay a higher rate of interest than comparable securities which are not so subordinated, there is a significant risk that an investor in the Capital Securities will lose all or some of its investment should the Issuer become insolvent since its assets would be available to pay such amounts only after all of its senior and more senior subordinated creditors have been paid in full.

Therefore, if a Winding-Up were to occur, the Issuer's liquidator or administrator or other relevant insolvency official would first apply assets of the Issuer to satisfy all rights and claims of Senior Creditors. If the Issuer does not have sufficient assets to settle claims of such Senior Creditors in full, the claims of the Holders will not be settled and, as a result, Holders will lose the entire amount of their investment in the Capital Securities. The Capital Securities will share equally in payment with claims under any securities that rank *pari passu* with them (or with claims in respect of TSBBG Ordinary Shares, in the event of a winding-up or administration occurring in the intervening period between the Trigger Event and the Conversion Date) if the Issuer does not have sufficient funds to make full payments on all of them, as applicable. In such a situation, Holders would lose all or part of their investment.

In addition, investors should be aware that, upon Conversion of the Capital Securities following a Trigger Event, Holders will be, effectively, further subordinated as they will be treated as, and subsequently become, holders of TSBBG Ordinary Shares, even if other existing subordinated indebtedness and preference shares remain outstanding.

There is a risk that Holders will lose the entire amount of their investment, regardless of whether the Issuer has sufficient assets available to settle what would have been the claims of Holders or of securities subordinated to the same or greater extent as the Capital Securities, in winding-up proceedings or otherwise.

***The Capital Securities do not contain events of default and the remedies available to Holders under the Capital Securities are limited***

The Conditions do not provide for any events of default. Holders may not at any time demand repayment or redemption of their Capital Securities. There is no right of acceleration in the case of non-payment of principal or interest on the Capital Securities or of the Issuer's failure to perform any of its obligations under or in respect of the Capital Securities.

The sole remedy in the event of any non-payment of principal under the Capital Securities subject to certain conditions as described under Condition 9 (*Non-Payment When Due and Winding-Up*), including a requirement that the Trustee shall have been indemnified and/or secured and/or pre-funded to its satisfaction, is that the Trustee, on behalf of the Holders may, at its discretion, or if so requested by at least one-quarter in principal amount of the outstanding Capital Securities subject to applicable laws, institute proceedings for the winding-up of the Issuer. The Trustee may also prove and/or claim in any Winding-Up, such claim being as contemplated in Condition 3(c) (*Winding-Up*).

Prior to the occurrence of any Winding-Up, the Capital Securities will remain subject to Conversion upon the Trigger Event and the exercise of the regulatory capital write-down or conversion powers or the bail-in resolution powers; none of these events constitute a default or event of default under the Conditions. The Issuer is entitled to cancel any interest payment as described under Condition 3(b) (*Solvency Condition*), Condition 5 (*Cancellation of Interest*) and/or Condition 6(a)(i) and such cancellation or deemed cancellation (in each case, in whole or in part) will not constitute an event of default. If TSBBG Ordinary Shares are not issued and delivered to the Settlement Shares Depository following the Trigger Event, the only claims Holders will have against the Issuer will be to apply to the court to obtain an order requiring the Issuer to issue and deliver such TSBBG Ordinary Shares to the Settlement Shares Depository and to participate in the liquidation proceeds of the Issuer as if the TSBBG Ordinary Shares had been issued.

The remedies under the Capital Securities are more limited than those available to the Issuer's unsubordinated creditors. For further detail regarding the limited remedies of the Trustee and the Holders, see Condition 9 (*Non-Payment When Due and Winding-Up*).

***The TSBBG Ordinary Shares are not currently listed; if TSBBG Ordinary Shares do become listed, Holders will bear the risk of fluctuation in the value of TSBBG Ordinary Shares; the TSBBG Ordinary Shares delivered may have little or no value at the time of Conversion***

Upon the occurrence of the Trigger Event, the Capital Securities will be automatically converted into TSBBG Ordinary Shares on the Conversion Date. As at the date of this Offering Circular, no TSBBG Ordinary Shares are listed or admitted to trading on any stock exchange and there is no assurance given that the TSBBG Ordinary Shares will be listed or admitted to trading in the future. There is no assurance that an active trading market in the TSBBG Ordinary Shares will develop nor as to the liquidity of any trading market for the TSBBG Ordinary Shares. If Conversion takes place prior to an IPO Event and a Holder receives TSBBG Ordinary Shares at a time when such TSBBG Ordinary Shares remain unlisted, Holders will not be able to compare the Conversion Price with any general market valuation for the TSBBG Ordinary Shares. See also "*Risks Factors – Risks relating to the structure of the Capital Securities – Capital Securities will be subject to Conversion following the occurrence of the Trigger Event, in which case the Holders will lose all of the value of their investment in the Capital Securities.*"

If the TSBBG Ordinary Shares do become listed, the trading price of the TSBBG Ordinary Shares may fluctuate which could lead to holders of TSBBG Ordinary Shares losing some or all of their investment. Because the Trigger Event will only occur at a time when the Issuer Group's CET1 Ratio will have deteriorated, if the Conversion takes place on or after an IPO Event, the Trigger Event will likely be accompanied by a prior deterioration in the market price of the TSBBG Ordinary Shares, which may be expected to continue after the occurrence of the Trigger Event. Therefore, if the Trigger Event were to occur, investors would receive TSBBG Ordinary Shares at a time when the market price of the TSBBG Ordinary Shares is diminished. In addition, there may be a delay in a Holder receiving its TSBBG Ordinary Shares following the Trigger Event, during which time the market price of the TSBBG Ordinary Shares may further decline. See Condition 6 (*Conversion*). As a result, the realisable value of the TSBBG Ordinary Shares may be below the Conversion Price.

***The Pre-IPO Conversion Price is fixed and the Post-IPO Conversion Price will be fixed on the occurrence of an IPO Event and each are subject to adjustment in only very limited circumstances; Holders have limited anti-dilution protection***

The Current Price of a TSBBG Ordinary Share will be relevant to certain of the Conversion Price adjustment provisions set out in Condition 6(d) (*Adjustments to the Conversion Price*), either in determining whether an adjustment event is triggered or in calculating the amount of the adjustment required.

Prior to an IPO Event there is no market value of the TSBBG Ordinary Shares by reference to which the Current Price is objectively measurable. Instead, the Current Price prior to an IPO Event will be determined by the

Issuer following consultation with an independent adviser, acting in good faith. Accordingly, in the absence of an objective measure, determinations by the Issuer may have a significant effect on the value to investors of the limited anti-dilution protections afforded under the Conditions.

The number of TSBBG Ordinary Shares to be issued to the Settlement Shares Depository on the Conversion Date will be determined by dividing the aggregate principal amount of the Capital Securities outstanding immediately prior to Conversion on the Conversion Date by the Conversion Price prevailing on the Conversion Date. Fractions of TSBBG Ordinary Shares will not be delivered in connection with any Conversion and no cash payment or other adjustment will be made in lieu thereof.

As at the date of this Offering Circular, no TSBBG Ordinary Shares are listed or admitted to trading on any stock exchange and there is no assurance given that the TSBBG Ordinary Shares will be listed or admitted to trading in the future. As no primary or secondary market price for the TSBBG Ordinary Shares exists at the time of investment in the Capital Securities, prior to an IPO Event (if any) investors in the Capital Securities will therefore not be able to compare the Conversion Price with any market valuation for the TSBBG Ordinary Shares. Upon an IPO Event, the Conversion Price is subject to adjustment as set out in Condition 6 (*Conversion*). It will be reset as the higher of (i) the prevailing Pre-IPO Conversion Price (including, if applicable, any adjustment applicable by reason of Condition 6(d) (*Adjustments to the Conversion Price*)) or (ii) 66.7 per cent. of the final price per share at which the relevant TSBBG Ordinary Shares are offered in connection with the IPO Event. Holders should note that the Post-IPO Conversion Price will only (as a result of this adjustment) remain the same as, or be increased above, the Pre-IPO Conversion Price, the latter of which would reduce the number of the TSBBG Ordinary Shares a Holder would receive on Conversion against the Pre-IPO Conversion Price. The IPO Event (if any) will not, of itself, result in a reduction of the Conversion Price.

These factors may adversely affect how the market perceives and values the Capital Securities.

The circumstances (described in Condition 6(d) (*Adjustments to the Conversion Price*)) in which adjustments will be made to the Conversion Price are limited. In summary, the Conversion Price will be adjusted by in the event that there is a consolidation, reclassification, redesignation or subdivision of the TSBBG Ordinary Shares, an issuance of TSBBG Ordinary Shares in certain circumstances by way of capitalisation of profits or reserves or an issue of TSBBG Ordinary Shares or certain other securities to shareholders as a class by way of rights, but only in the situations and to the extent provided in Condition 6(d). Any New Conversion Price following a Qualifying Relevant Event will be similarly adjusted (with such modifications and amendments as an Independent Adviser acting in good faith shall determine to be appropriate). There is no requirement that there should be an adjustment for every corporate or other event that may affect the value of the TSBBG Ordinary Shares. Furthermore, the adjustment events that are included are less extensive than those often included in the terms of other convertible securities. Accordingly, events in respect of which no adjustment to the Conversion Price is made may adversely affect the value of the Capital Securities.

***If on or following an IPO Event a Relevant Event occurs, the Capital Securities may be convertible into shares in an entity other than the Issuer or may be fully written down***

If on or following an IPO Event a Qualifying Relevant Event occurs, then following Conversion, the Capital Securities shall become convertible into the share capital of the Acquiror (as more fully described under Condition 6(e)) at the New Conversion Price. There can be no assurance as to the nature of any such Acquiror, or of the risks associated with becoming an actual or potential shareholder in such Acquiror and accordingly a Qualifying Relevant Event may have an adverse effect on the value of the Capital Securities.

In addition, the Issuer has certain discretion in determining whether a Qualifying Relevant Event has occurred. A Qualifying Relevant Event requires the New Conversion Condition to be satisfied. For the New Conversion Condition to be satisfied: (i) the Acquiror must be an Approved Entity (being a body corporate that is

incorporated or established under the laws of a member state of The Organisation for Economic Co-operation and Development and which, on the occurrence of the Relevant Event, has in issue Relevant Shares); and (ii) by not later than seven days following the occurrence of the Relevant Event, (x) the Capital Securities must continue to be “hybrid capital instruments” for the purposes of Part 5 of the Corporation Tax Act 2009 (or benefit from equivalent treatment under any replacement tax rules as more fully described in the Conditions) once arrangements are in place for the issue of Relevant Shares by the Acquiror in the event of Conversion; and (y) the Issuer shall have entered into arrangements to its satisfaction with the Approved Entity pursuant to which the Approved Entity irrevocably undertakes to the Trustee, for the benefit of the Holders, to deliver the Relevant Shares to the Settlement Shares Depository for the Holders upon a Conversion of the Capital Securities. If (i) the Acquiror is not an Approved Entity; or (ii) by not later than seven days following the occurrence of the Relevant Event, the Capital Securities would not continue to be “hybrid capital instruments” or the Issuer and the Acquiror are unable to enter into such arrangements, the New Conversion Condition would not be satisfied.

In the case of a Non-Qualifying Relevant Event, the Capital Securities will not be subject to Conversion unless the Conversion Date shall have occurred prior to the date of the Relevant Event. Upon the occurrence of a Trigger Event following a Non-Qualifying Relevant Event, the full principal amount of each Capital Security will be automatically written down to zero, each Capital Security will be cancelled, all accrued but unpaid interest and any other amounts payable on each Capital Security will be cancelled (irrespective of whether such amounts have become due and payable prior to the occurrence of the Trigger Event). Holders will be automatically deemed to have irrevocably released their right to receive, and no longer have any rights against the Issuer with respect to, repayment of the aggregate principal amount of the Capital Securities or to any interest or other amount so cancelled. There can be no assurance that a Relevant Event will not be a Non-Qualifying Relevant Event, in which case investors may lose their investment in the Capital Securities.

***Subject to certain conditions, including in relation to the solvency of the Issuer and regulatory approvals, the Issuer may redeem the Capital Securities at the Issuer’s option on certain dates***

Subject, *inter alia*, to Condition 3(b) (*Solvency Condition*) in relation to the solvency of the Issuer, to the Issuer having obtained prior Supervisory Permission therefor and such Supervisory Permission not having been revoked by the relevant date of such redemption, substitution, variation or purchase (to the extent, and in the manner, required by the relevant Regulatory Capital Requirements), to the non-occurrence of the Trigger Event and to the compliance by the Issuer with one or more alternative or additional pre-conditions to redemption set out in the prevailing Regulatory Capital Requirements, the Issuer may elect to redeem all, but not some only, of the Capital Securities at their principal amount together with accrued and unpaid interest thereon, excluding any interest which has been cancelled or deemed to be cancelled (i) at the Issuer’s option (A) on the First Reset Date; or (B) on any Interest Payment Date after the First Reset Date, (ii) if a Tax Event has occurred or (iii) if a Capital Disqualification Event has occurred.

It is not possible to predict whether the events referred to above will occur and lead to circumstances in which the Issuer may elect (in its sole discretion) to redeem the Capital Securities. Where such events have occurred, there can be no guarantee that either (i) the Issuer will obtain Supervisory Permission in respect of the redemption, or that, if so, (ii) the Issuer will elect to exercise its option to redeem the Capital Securities. The Issuer may also be expected to exercise its option to redeem the Capital Securities before, on or after the First Reset Date if the Issuer’s funding costs would be lower than the prevailing interest rate payable in respect of the Capital Securities. If the Capital Securities are so redeemed, there can be no assurance that Holders 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 Capital Securities. Furthermore, the redemption feature of the Capital Securities may limit their market value, which is unlikely to rise substantially above the price at which the Capital Securities can be redeemed.

***The Issuer may substitute the Capital Securities or vary their terms without consent of the Holders***

If a Tax Event or a Capital Disqualification Event has occurred, then the Issuer may, subject to Condition 7(b) (*Conditions to Redemption, Substitution, Variation and Purchase*), but without any requirement for the consent or approval of the Holders, at any time (whether before or following the First Reset Date) either substitute all (but not some only) of the Capital Securities for, or vary the terms of the Capital Securities so that they remain or, as appropriate become, Compliant Securities, and the Trustee shall (subject to certain requirements) agree to such substitution or variation, as provided in Condition 7(f) (*Substitution or Variation*). In the case of a substitution or variation of the terms of the Capital Securities, while the new substituted or modified securities must have terms that are not materially less favourable to an investor than the Capital Securities, there can be no assurance that, whether due to the particular circumstances of each Holder or otherwise, such substituted or modified securities will be as favourable to each Holder in all respects.

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

There is no restriction on the amount of securities or other liabilities that the Issuer may issue, incur or guarantee and which rank senior to, or *pari passu* with, the Capital Securities. The issue or guaranteeing of any such securities or the incurrence of any such other liabilities may reduce the amount (if any) recoverable by Holders during a Winding-Up and may limit the Issuer's ability to meet its obligations under the Capital Securities. In addition, the Capital Securities do not contain any restriction on the Issuer's ability to issue securities that may have preferential rights similar to those of the Capital Securities but having different or no Trigger Event provisions.

***The Capital Securities are the obligations of the Issuer only and Holders are structurally subordinated to the creditors of the Issuer's subsidiaries***

The Capital Securities are the obligations of the Issuer only. The Issuer is a holding company and operates its business entirely through its subsidiaries. The Issuer's subsidiaries are separate and distinct legal entities and have no obligation to pay any amounts due or to provide the Issuer with funds to meet any of the Issuer's payment obligations under the Capital Securities. Payments on the Capital Securities are structurally subordinated to all existing and future liabilities and obligations of its subsidiaries. Claims of creditors of such subsidiaries will have priority as to the assets of such subsidiaries over the Issuer and its creditors, including holders of the Capital Securities. Neither the Conditions nor the Trust Deed contain any restrictions on the ability of the Issuer or its subsidiaries or associates to incur additional unsecured or secured indebtedness.

***Following Conversion, the Capital Securities will remain in existence until the Long-Stop Date for the sole purpose of evidencing the Holder's right to receive TSBBG Ordinary Shares from the Settlement Shares Depositary and the rights of the Holders will be limited accordingly***

Following Conversion, the Capital Securities will remain in existence until the applicable Settlement Date or Long-Stop Date for the sole purpose of evidencing the Holder's right to receive TSBBG Ordinary Shares. All obligations of the Issuer under the Capital Securities shall be irrevocably released in consideration of the Issuer's issuance and delivery of the TSBBG Ordinary Shares to the Settlement Shares Depositary on the Conversion Date, and under no circumstances shall such released obligations be reinstated. The Capital Securities shall be cancelled on the applicable Settlement Date or Long-Stop Date.

***Holders will have to submit a Conversion Notice in order to receive delivery of the TSBBG Ordinary Shares***

In order to obtain delivery of the TSBBG Ordinary Shares following Conversion, a Holder must deliver a Conversion Notice (and the relevant Capital Securities, if applicable) to the Settlement Shares Depositary. Following an IPO Event, the Conversion Notice must contain certain information, including the Holder's

CREST account details. Accordingly, Holders (or their nominee, custodian or other representative) will have to have an account with CREST in order to receive the TSBBG Ordinary Shares following an IPO Event. If a Holder fails to properly complete and deliver a Conversion Notice, the Settlement Shares Depository shall continue to hold the relevant TSBBG Ordinary Shares until a Conversion Notice (and the relevant Capital Securities, if applicable) is or are so validly delivered. However, the relevant Capital Securities shall be cancelled on the Long-Stop Date and any Holder delivering a Conversion Notice after the Long-Stop Date will have to provide evidence of its entitlement to the relevant TSBBG Ordinary Shares, satisfactory to the Settlement Shares Depository in its sole and absolute discretion in order to receive delivery of such TSBBG Ordinary Shares. The Issuer shall have no liability to any Holder for any loss resulting from such Holder not receiving any TSBBG Ordinary Shares or from any delay in the receipt thereof, in each case as a result of such Holder failing to submit a valid Conversion Notice on a timely basis or at all.

***Prior to the Conversion Date, Holders will not be entitled to any rights with respect to the TSBBG Ordinary Shares, but will be subject to all changes made with respect to the TSBBG Ordinary Shares***

The exercise of voting rights and other rights related to any TSBBG Ordinary Shares is only possible after delivery of the TSBBG Ordinary Shares following the Conversion Date and the registration of the person entitled to the TSBBG Ordinary Shares in the Issuer's share register as a shareholder in accordance with the provisions of, and subject to the limitations provided in, the articles of association of the Issuer. Prior to such registration, Holders will be subject to all changes made with respect to the TSBBG Ordinary Shares.

***Receipt by the Settlement Shares Depository of the TSBBG Ordinary Shares shall irrevocably discharge and satisfy the Issuer's obligations in respect of the Capital Securities***

Following the Trigger Event, the relevant TSBBG Ordinary Shares will be issued and delivered by the Issuer to the Settlement Shares Depository, which will hold the TSBBG Ordinary Shares on behalf of the Holders. Receipt by the Settlement Shares Depository of the TSBBG Ordinary Shares shall irrevocably discharge and satisfy the Issuer's obligations in respect of the Capital Securities and a Holder shall, with effect on and from the Conversion Date, only have recourse to the Settlement Shares Depository for the delivery to it of the relevant TSBBG Ordinary Shares. The Issuer shall not have any liability for the performance of the obligations of the Settlement Shares Depository.

In addition, the Issuer has not yet appointed a Settlement Shares Depository and the Issuer may not be able to appoint a Settlement Shares Depository if Conversion occurs. In such a scenario, the Issuer would inform Holders via Euroclear, Clearstream, Luxembourg or the Trustee or otherwise, as practicable, of any alternative arrangements in connection with the issuance and/or delivery of the TSBBG Ordinary Shares and such arrangements may be disadvantageous to, and more restrictive on, the Holders. For example, such arrangements may involve Holders having to wait longer to receive their TSBBG Ordinary Shares than would be the case under the arrangements expected to be entered into with a Settlement Shares Depository. Under these circumstances, the Issuer's issuance of the TSBBG Ordinary Shares to the relevant recipient in accordance with these alternative arrangements shall constitute a complete and irrevocable release of all of the Issuer's obligations in respect of the Capital Securities.

***The Trust Deed contains provisions which may permit modification of the Capital Securities without the consent of all investors***

The Trust Deed contains provisions permitting modifications and amendments to the Capital Securities without the consent of Holders in certain instances and with the consent of a specified quorum and majority of the outstanding Capital Securities in other circumstances. Valid resolutions passed by such Holders will bind all Holders including Holders who did not attend and vote at the relevant meeting and Holders who voted in a manner contrary to the majority. For further information, see Condition 12 (*Meetings of Holders, Modification, Waiver and Substitution*).

***The market value of the Capital Securities may be influenced by unpredictable factors***

Many factors, most of which are beyond the Issuer's control, will influence the market value of the Capital Securities and the price, if any, at which securities dealers may be willing to purchase or sell the Capital Securities in the secondary market, including:

- any credit ratings assigned to the Issuer and the Capital Securities;
- the creditworthiness of the Issuer and, in particular, the level of the Issuer Group's CET1 Ratio from time to time;
- supply and demand for the Capital Securities;
- actions taken by other issuers of Additional Tier 1 capital securities. For example, an issuer's cancellation of an interest payment, could cause pressure on secondary market pricing of similar Additional Tier 1 capital securities;
- the Reset Rate of Interest applicable to the Capital Securities after any Reset Date;
- if the TSBBG Ordinary Shares become listed, the trading price of the TSBBG Ordinary Shares; and
- economic, financial, political or regulatory events or judicial decisions that affect the Issuer or the financial markets generally.

Accordingly, if a Holder sells its Capital Securities in the secondary market, it may not be able to obtain a price equal to the principal amount of the Capital Securities or a price equal to the price that it paid for the Capital Securities.

***Changes in law may adversely affect the rights of Holders, may adversely affect the Issuer Group's business, financial performance and capital plans or may give the Issuer the right to redeem the Capital Securities***

Regulators are currently proposing or considering legislation and rule-making which may affect the Issuer Group's business, the rights of Holders and the market value of the Capital Securities. Such changes in law may include changes in statutory, tax and regulatory regimes during the life of the Capital Securities, or changes that could have a significant impact on the business mix and management of the Issuer Group, and use of capital and requirements for loss-absorbing capacity within the Issuer Group, which may have an adverse effect on an investment in the Capital Securities.

If the Capital Securities become rated in the future, EU regulated investors should note that they are restricted from using a rating for regulatory purposes if such rating is not issued or endorsed by a credit rating agency established in the EU and registered with the European Capital Securities and Markets Authority under Regulation (EC) No. 1060/2009 as amended and UK regulated investors should note that they are restricted from using a rating for regulatory purposes if such rating is not either issued or endorsed by a credit rating agency established in the UK and registered with the FCA under Regulation (EC) No. 1060/2009 as it forms part of the domestic law of the UK by virtue of the EUWA.

In addition, any changes in law or regulations after the date hereof that trigger a Tax Event or a Capital Disqualification Event would, subject to Condition 7(b) (*Conditions to Redemption, Substitution, Variation and Purchase*), entitle the Issuer, at its option, to redeem the Capital Securities, in whole but not in part, as more particularly described under Condition 7(d) (*Redemption Due to Tax Event*) and 7(e) (*Redemption Due to Capital Disqualification Event*), respectively. See also the risk factor entitled "Risks relating to the structure of the Capital Securities - Subject to certain conditions, including in relation to the solvency of the Issuer and regulatory approvals, the Issuer may redeem the Capital Securities at the Issuer's option on certain dates" above.

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

The financial services industry has been and continues to be the focus of significant regulatory change and scrutiny (for example, the recent enactment in the UK of the Financial Services and Markets Act 2023 (the "FSMA 2023") and the Retained EU Law (Revocation and Reform) Act 2023) which may adversely affect the Issuer Group's business, financial performance, capital and risk management strategies. Such regulatory changes and the resulting actions taken to address such regulatory changes may include higher capital and additional loss absorbency requirements and increased powers of competent authorities which together may have an adverse impact on the Issuer Group and may therefore affect the Issuer's performance and financial condition. It is not possible to predict changes to legislation or regulatory rulemaking or the ultimate consequences of any such changes to the Issuer Group or the Holders, which could be material to the rights of Holders and/or the ability of the Issuer to satisfy its obligations under the Capital Securities.

***There is no established trading market for the Capital Securities and one may not develop***

The Capital Securities will have no established trading market when issued and, although application will be made to the ISM for the listing and admission to trading of the Capital Securities, one may never develop. If a market does develop, it may not be liquid. Therefore, investors may not be able to sell their Capital Securities easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market. This is particularly the case for the Capital Securities, which may be especially sensitive to interest rates, currency or market risks, are designed for specific investment objectives and strategies, have been structured to meet the investment requirements of limited categories of investors and which include features such as a Conversion. The Capital Securities may have a more limited secondary market and more price volatility than conventional debt securities. Illiquidity may have a material adverse effect on the market value of the Capital Securities.

***A downgrade, suspension or withdrawal of the rating assigned by any rating agency to the Capital Securities could cause the liquidity or market value of the Capital Securities to decline***

Upon issuance, the Capital Securities will not be rated. The Capital Securities may in the future be rated by one or more rating agencies. However, the Issuer is under no obligation to ensure the Capital Securities are rated by any rating agency and any rating assigned to the Capital Securities may be lowered or withdrawn entirely by a rating agency if, in that rating agency's judgement, circumstances relating to the basis of the rating, such as adverse changes to the Issuer's business, so warrant, or if the rating methodology used by any such rating agency is amended. If any rating agency which has assigned a rating lowers or withdraws its rating, such event could reduce the liquidity or market value of the Capital Securities. If one or more credit ratings are assigned to the Capital Securities, the ratings may not reflect the potential impact of all risks related to structure, market, Conversion, regulatory capital write-down powers, bail-in resolution power, additional factors discussed above and other factors that may affect the value of the Capital Securities. A credit rating is not a recommendation to buy, sell or hold securities and may be revised or withdrawn by the rating agency at any time.

***It is unlikely that the Capital Securities would be rated investment grade if they were assigned ratings on the Issue Date and as such the Capital Securities are subject to the risks associated with non-investment grade securities***

It is unlikely that the Capital Securities, upon issuance, would be considered to be investment grade securities if they were assigned ratings on the Issue Date, and as such the Capital Securities will be subject to a higher risk of price volatility than higher-rated securities. Furthermore, deteriorating outlooks for the Issuer or the



Issuer Group, or volatile markets, could lead to a significant deterioration in market prices of below-investment grade rated securities such as the Capital Securities.

***Holders may be obliged to make a take-over bid following the Trigger Event***

Upon the occurrence of the Trigger Event, if The City Code on Takeovers and Mergers Holders applies at the time, Holders receiving TSBBG Ordinary Shares may have to make a take-over bid addressed to the shareholders of the Issuer pursuant to the rules of The City Code on Takeovers and Mergers if their aggregate holdings in the Issuer exceed the applicable percentage of the voting rights in the Issuer at the time as a result of Conversion of the Capital Securities into TSBBG Ordinary Shares.

***Holders may be subject to disclosure obligations and/or may need approval by the relevant regulator(s)***

As the Capital Securities are mandatorily convertible into TSBBG Ordinary Shares following the Trigger Event, an investment in the Capital Securities may result in Holders, following such Conversion, having to comply with certain disclosure and/or approval requirements pursuant to laws and regulations applicable in the UK. For example, if a Trigger Event occurs following an IPO Event, pursuant to Chapter 5 of the Disclosure Rules and Transparency Rules Sourcebook of the FCA Handbook, the Issuer (and the FCA) must be notified by a person when the percentage of voting rights in the Issuer controlled by that person (together with its concert parties), by virtue of direct or indirect holdings of shares aggregated with direct or indirect holdings of certain financial instruments, reaches or crosses 3 per cent. and every percentage point thereafter.

Furthermore, as the TSBBG Ordinary Shares are of a parent undertaking of TSB Bank plc (being a regulated entity), under the laws of the UK, ownership of an interest in the TSBBG Ordinary Shares to be delivered following Conversion above a certain level may require the Holder to obtain regulatory approval or subject the Holder to additional regulation.

Non-compliance with such disclosure and/or approval requirements may lead to the incurrence by Holders of substantial fines and/or suspension of voting rights associated with the TSBBG Ordinary Shares. Each potential investor should consult its legal advisers as to the terms of the Capital Securities and the level of holding it would have if it receives TSBBG Ordinary Shares following the Trigger Event and what its related obligations may be.

***A Holder may be subject to taxes following Conversion***

Neither the Issuer, nor any member of the Issuer Group, will pay any taxes or capital, stamp, issue and registration or transfer taxes or duties arising upon Conversion or that may arise or be paid as a consequence of the issue and delivery of TSBBG Ordinary Shares to the Settlement Shares Depository. A Holder must pay any taxes and capital, stamp, issue and registration and transfer taxes or duties arising upon Conversion (other than on the transfer and delivery of any TSBBG Ordinary Shares to a purchaser in any Conversion Shares Offer which in each case shall be payable by the relevant purchaser of the TSBBG Ordinary Shares) and such Holder must pay all, if any, such taxes or duties arising by reference to any disposal or deemed disposal of such Holder's Capital Security or interest therein.

***Implementation of and/or changes to the capital adequacy framework may result in changes to the risk-weighting of the Capital Securities and/or loss absorption by Holders in certain circumstances***

The implementation of the remaining Basel III and Basel IV standards, as described in the risk factor titled "*The Issuer Group is subject to substantial and changing prudential regulation*" in the Base Prospectus, may have an impact on incentives to hold the Capital Securities for investors that are subject to requirements that follow the revised framework and, as a result, they may affect the liquidity and/or value of the Capital Securities.

This could affect the capital treatment of the Capital Securities for investors who are subject to capital adequacy requirements that follow, or are based on, Basel I (being the International Convergence of Capital Measurement and Capital Standards published by the BCBS in July 1988 together with the Amendment to the Capital Accord

to Incorporate Market Risks published by the BCBS in January 1996, in each case as amended by the BCBS), Basel II or Basel III (including, in the EU/EEA/UK, banks and investment firms), or the ability of such investors to hold the Capital Securities. This could, in turn, affect the liquidity and/or value of the Capital Securities.

Furthermore, the Capital Securities may be subject to regulatory capital write-down or conversion powers and/or bail-in resolution powers (see “*Risks relating to the structure of the Capital Securities – The Capital Securities may be subject to the exercise of regulatory capital write-down and conversion powers, bail-in resolution powers or other powers by a relevant resolution authority or other government authorities*” above, and “*Supervision and Regulation – The Banking Act, the SRR and the BRRD*” in the Base Prospectus).

The application of the regulatory capital write-down or conversion powers and/or bail-in resolution powers to the Capital Securities, or the perception that such events could occur, may have an adverse effect on the position of holders of Capital Securities and, as a result, may affect the liquidity and/or value of the Capital Securities. See the risk factor entitled “*Risks relating to the Issuer and the Group – The Group is subject to substantial and changing prudential regulation*” in the Base Prospectus.

In all other respects, the Issuer cannot predict the precise effects of potential changes that might result from the new requirements on investors’ own financial performance or the impact on the market value of the Capital Securities. Prospective investors in the Capital Securities should consult their own advisers as to the potential consequences to and effect on them of the changes described above.

The EU also developed a new solvency framework for insurance companies, referred to as “Solvency II”. Member States were required to implement Directive 2009/138/EC (the “**Solvency II Directive**”) by 31 March 2015 and firms had to comply with the new regime from 1 January 2016. Prospective investors in the Capital Securities who are subject to the Solvency II Directive, as it was implemented in the UK or in any EU member state and forms part of the law applicable to such investors, should consult their own advisers as to the potential consequences to and effect on them of the solvency regime and investment rules set out therein.

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

The Issuer will pay principal and interest on the Capital Securities 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 pound sterling or revaluation of the Investor’s Currency) and the risk that authorities with jurisdiction over the Investor’s Currency may impose or modify exchange controls. An appreciation in the value of the Investor’s Currency relative to pound sterling would decrease (i) the Investor’s Currency-equivalent yield on the Capital Securities, (ii) the Investor’s Currency-equivalent value of the principal payable on the Capital Securities and (iii) the Investor’s Currency-equivalent market value of the Capital Securities.

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

#### ***Change of law***

The Conditions are based on English law in effect as at the Issue Date. No assurance can be given as to the impact of any possible judicial decision or change to English law or any administrative practice after the Issue Date.

## DESCRIPTION OF THE ISSUER

For a description of the Issuer and its business, prospective investors should refer to the section entitled “*Information on the Group*” on pages 147 to 152 of the Base Prospectus, save for the sub-section entitled “*Introduction*” on page 147, the first paragraph under the heading “*Current Operations and Principal Activities*” on page 149 and the sub-section entitled “*Directors of the Company and the Bank*” on pages 151 to 152, as incorporated by reference into this Offering Circular, in addition to the information set out below.

The Issuer was incorporated and registered in England & Wales on 31 January 2014 (Registration number 08871766). The Issuer’s registered office is at 19<sup>th</sup> Floor, 8 Bishopsgate, London EC2N 4BQ, telephone number (+44) (0) 207 003 9001. The Issuer is wholly owned by Banco de Sabadell, S.A. (“**Sabadell**”).

The Group’s business is of a fully functioning UK bank with a multi-channel, national distribution model. This consists of 195 physical branches, local points of presence in the community, and is complimented with a full digital channel (internet and mobile), telephone capability and an expanding video channel.

### Directors of the Issuer

The directors of the Issuer, the business address of each of whom is 19<sup>th</sup> Floor, 8 Bishopsgate, London EC2N 4BQ, and their respective principal outside activities, where significant to the Group, are as follows:

<b>Name</b>	<b>Principal outside activities</b>
<b>Nick Prettejohn</b> <i>Chairman</i>	Chair, Reach plc Senior Independent Non-executive Director, YouGov Chair, Prisoners Abroad
<b>Robin Bulloch</b> <i>Chief Executive Officer</i>	Member, UK Finance Board
<b>Declan Hourican</b> <i>Chief Financial Officer</i>	
<b>Andy Simmonds</b> <i>Independent Non-executive Director</i>	Non-executive Director, EFG Private Bank Ltd
<b>Judith Eden</b> <i>Independent Non-executive Director</i>	Senior Independent Non-executive Director, ICBC Standard Bank Plc Non-executive Director, Pension Insurance Corporation Group / Pension Insurance Corporation plc Non-executive Director, Invesco Asset Management Limited
<b>Elizabeth (Libby) Chambers</b> <i>Independent Non-executive Director</i>	Non-executive Director, Wise plc Non-executive Director, 7IM Non-executive Director, Currensea Limited Operating Partner, Searchlight Capital Partners and its portfolio companies
<b>Adam Banks</b> <i>Independent Non-executive Director</i>	Advisor to the Board, Euroclear UK&I Advisor to the CEO and Board, Rio Tinto Advisor to the Board, Thames Water
<b>Zahra Bahrololoumi</b> <i>Independent Non-executive Director</i>	Chief Executive Officer, Salesforce UK & Ireland

<b>Name</b>	<b>Principal outside activities</b>
<b>Ahmed Essam</b> <i>Independent Non-executive Director</i>	Chief Executive Officer of European markets and Executive Chair of Germany, Vodafone
<b>Morten Friis</b> <i>Independent Non-executive Director</i>	Non-executive Director, Peoples Group
<b>Marc Armengol</b> <i>Non-executive Director</i>	Chief Operating Officer, Banco de Sabadell, S.A.
<b>Carlos Paz</b> <i>Non-executive Director</i>	Chief Credit Risk Officer, Banco de Sabadell, S.A.

Marc Armengol and Carlos Paz each hold executive positions within Sabadell and for this reason are not considered to be independent. As such, Marc Armengol and Carlos Paz have a potential conflict of interest in circumstances where the interests of the Issuer and the wider Sabadell Group are not, or may not be, aligned. This potential conflict has been authorised by the Board of the Issuer.

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

## **SUPERVISION AND REGULATION**

For a description of the supervisory and regulatory framework in which the Issuer operates, prospective investors should refer to the section entitled “*Supervision and Regulation*” on pages 153 to 166 of the Base Prospectus, as incorporated by reference into this Offering Circular.

## DESCRIPTION OF THE TSBBG ORDINARY SHARES

Set out below is a description of the principal rights attaching, as at the date of this Offering Circular, to the TSBBG Ordinary Shares that will be issued in the event that the Capital Securities are converted in accordance with their terms.

### Share Capital

The issued and fully paid share capital of the Issuer as at the date hereof is:

	<u>Issued and fully paid</u>		
<u>Class</u>	<u>Nominal Value</u>	<u>Number</u>	<u>Amount</u>
<u>Ordinary</u>	£0.01 each	500,000,000	£5,000,000

### Articles of Association

The Issuer's articles of association (the “**Articles of Association**”) were adopted by special resolution of the Issuer on 10 December 2015. A summary of the material provisions of the Articles of Association in respect of the TSBBG Ordinary Shares is set out below.

### Voting Rights

A resolution put to the vote of a general meeting must be decided on a show of hands unless a poll is duly demanded.

### Governing Law

The Articles of Association and the laws of England and Wales govern the relationship between the Issuer and its members.

### Dividends

The Issuer may by ordinary resolution declare dividends, and the directors may decide to pay interim dividends. A dividend must not be declared unless the directors have made a recommendation as to its amount. Such a dividend must not exceed the amount recommended by the directors and no dividend may be declared or paid unless it is in accordance with members' respective rights.

Unless the members' resolution to declare or directors' decision to pay a dividend, or the terms on which shares are issued, specify otherwise, it must be paid by reference to each member's holdings of shares on the date of the resolution or decision to declare or pay it.

Except as otherwise provided by the Articles of Association or the rights attached to shares, all dividends must be declared and paid according to the amounts paid up on the shares on which the dividend is paid and apportioned and paid proportionately to the amounts paid up on the shares during any portion or portions of the period in respect of which the dividend is paid.

All dividends or other sums which are payable in respect of shares and unclaimed after having been declared or becoming payable may be invested or otherwise made use of by the directors for the benefit of the Issuer until claimed. If 12 years have passed from the date on which a dividend or other sum became due for payment and the distribution recipient has not claimed it, the distribution recipient is no longer entitled to that dividend or other sum and it ceases to remain owing by the Issuer.

If the Issuer's share capital is divided into different classes, no interim dividend may be paid on shares carrying deferred or non preferred rights if, at the time of payment, any preferential dividend is in arrear. The directors may pay at intervals any dividend payable at a fixed rate if it appears to them that the profits available for distribution justify the payment.

Subject to the terms of issue of the share in question, the Issuer may, by ordinary resolution on the recommendation of the directors, decide to pay all or part of a dividend or distribution payable in respect of a share by transferring non cash assets of equivalent value (including shares or other securities in any company).

#### **Method of Payment**

The Issuer may pay any dividend or other amount payable in respect of a share in the Issuer by (i) transfer to a bank or building society account specified by the distribution recipient either in writing or as the directors may otherwise decide, (ii) sending a cheque made payable to the distribution recipient by post at their registered address (if the distribution recipient is a holder of the share), or (in any other case) to an address specified by the distribution recipient either in writing or as the directors may otherwise decide, (iii) sending a cheque made payable to such person by post at the address specified by the distribution recipient either in writing or as the directors may otherwise decide, or (iv) any other means of payment as the directors agree with the distribution recipient either in writing or by such other means as the directors may decide.

#### **Transfer of Shares**

- (i) Shares may be transferred by means of an instrument of transfer in any usual form or any other form approved by the directors, which is executed by or on behalf of:
  - (A) the transferor; and
  - (B) (if any of the shares is partly paid) the transferee.
- (ii) The transferor remains the holder of a share until the transferee's name is entered in the register of members as the holder of it.
- (iii) The directors may refuse to register the transfer of a share if:
  - (A) the share is not fully paid;
  - (B) the transfer is not lodged at the Issuer's registered office or such other place as the directors have appointed;
  - (C) the transfer is not accompanied by the certificate for the shares to which it relates, or such other evidence as the directors may reasonably require to show the transferor's right to make the transfer, or evidence of the right of someone other than the transferor to make the transfer on the transferor's behalf;
  - (D) the transfer is in respect of more than one class of share; or
  - (E) the transfer is in favour of more than four transferees.
- (iv) If the directors refuse to register the transfer of a share, the instrument of transfer must be returned to the transferee with the notice of refusal unless they suspect that the proposed transfer may be fraudulent.

#### **Redeemable Shares in the Issuer**

The Issuer may issue shares which are to be redeemed, or are liable to be redeemed at the option of the Issuer or the holder, and the directors may determine the terms, conditions and manner of redemption of any such shares.

**Winding Up**

On a winding-up of the Issuer, the TSBBG Ordinary Shares rank equally in all respects and distributions of the Issuer's assets to holders of TSBBG Ordinary Shares will be made in accordance with applicable insolvency laws.



## **USE OF PROCEEDS**

The net proceeds of the issue of the Capital Securities will be used by the Issuer to fund its purchase of £250,000,000 in principal amount of additional tier 1 securities to be issued by its wholly-owned subsidiary, TSB Bank plc.

## TERMS AND CONDITIONS OF THE CAPITAL SECURITIES

*The following, subject to alteration and completion, are the terms and conditions of the Capital Securities which will be endorsed on each Certificate in definitive form (if issued).*

The issue of the £250,000,000 8.750 per cent. Fixed Rate Reset Additional Tier 1 Perpetual Non-Cumulative Contingent Convertible Securities (the “**Capital Securities**” which expression shall in these terms and conditions (the “**Conditions**”), unless the context otherwise requires, include any Further Securities issued pursuant to Condition 16) of TSB Banking Group plc (the “**Issuer**”) was authorised by a resolution of the Board of Directors of the Issuer passed on 23 October 2024.

The Capital Securities are constituted by a trust deed (such trust deed as modified and/or supplemented and/or restated from time to time, the “**Trust Deed**”) dated 5 December 2024 between the Issuer and Citicorp Trustee Company Limited (the person or persons for the time being the trustee or trustees under the Trust Deed, the “**Trustee**”) as trustee for the Holders (as defined below) of the Capital Securities. These Conditions include summaries of, and are subject to, the detailed provisions of the Trust Deed, which includes the forms of the Capital Securities.

Copies of the Trust Deed and of the agency agreement (the “**Agency Agreement**”) dated 5 December 2024 relating to the Capital Securities between the Issuer, Citibank N.A., London Branch as the initial principal paying agent (the person for the time being the principal paying agent under the Agency Agreement, the “**Principal Paying Agent**”), Citibank N.A., London Branch as the initial agent bank (the person for the time being the agent bank under the Agency Agreement, the “**Agent Bank**”), Citibank N.A., London Branch as the initial registrar (the person for the time being the registrar under the Agency Agreement, the “**Registrar**”), the initial transfer agents named therein (the person(s) for the time being the transfer agent(s) under the Agency Agreement, the “**Transfer Agent(s)**”), Citibank N.A., London Branch as the initial conversion agent (the person for the time being the conversion agent under the Agency Agreement, the “**Conversion Agent**”) 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, Canary Wharf, London E14 5LB, United Kingdom) and at the specified offices of the Principal Paying Agent, the Registrar and each of the Transfer Agents or (ii) may be provided by email to a Holder (following written request therefor by it) from the Trustee or the Principal Paying Agent, subject in each case to the Holder providing evidence of its identity and its holding of Capital Securities satisfactory to, as applicable, the Trustee or the Principal Paying Agent.

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 Capital Securities are serially numbered in denominations of £200,000 and integral multiples of £200,000 in excess thereof.

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

#### *(b) Title*

Title to the Capital Securities 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 Capital

Security 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, “**Holder**” means the person in whose name a Capital Security is registered.

## **2 Transfers of Capital Securities**

### **(a) Transfer**

A holding of Capital Securities may, subject to Condition 2(d), be transferred in whole or in part upon the surrender (at the specified office of the Registrar or any Transfer Agent) of the Certificate(s) representing such Capital Securities 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 Capital Securities 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 Capital Securities to a person who is already a Holder, a new Certificate representing the enlarged holding shall only be issued against surrender of the Certificate representing the existing holding. All transfers of Capital Securities and entries in the Register will be made in accordance with the detailed regulations concerning transfers of Capital Securities scheduled to the Agency Agreement. The regulations may be changed by the Issuer, with the prior written approval of the Registrar and the Trustee. A copy of the current regulations will be made available by the Registrar to any Holder upon request in writing upon provision of proof of holding of Capital Securities 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 and 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 relevant 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 relevant 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 any 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 relevant Transfer Agent may require).

### **(d) Closed Periods**

No Holder may require the transfer of a Capital Security to be registered (i) during the period of 15 days ending on (and including) the date on which Capital Securities are scheduled to be redeemed or

substituted by the Issuer pursuant to Condition 7 or (ii) during the period of seven days ending on (and including) any Record Date.

### 3 Status and Subordination

#### (a) Status

The Capital Securities 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 Capital Securities (including any damages awarded for breach of obligations in respect thereof) are subordinated as described in this Condition 3.

#### (b) Solvency Condition

Except in a Winding-Up, all payments in respect of, or arising from (including any damages awarded for breach of any obligations under), the Capital Securities (other than payments to the Trustee for its own account under the Trust Deed) are, in addition to the right or obligation of the Issuer to cancel payments of interest under Condition 5 or Condition 6(a)(i), conditional upon the Issuer being solvent at the time of payment by the Issuer and no principal, interest or any other amount (other than any amount due and payable to the Trustee for its own account under the Trust Deed) shall be due and payable in respect of, or arising from, the Capital Securities or the Trust Deed except to the extent that the Issuer could make such payment and still be solvent immediately thereafter (the “**Solvency Condition**”).

For these purposes, the Issuer shall be considered to be solvent if (i) it is able to pay its debts owed to its Senior Creditors as they fall due and (ii) its Assets exceed its Liabilities.

A certificate as to the solvency of the Issuer by an Authorised Signatory (or if there is a winding-up or administration of the Issuer, an authorised signatory of the liquidator or, as the case may be, the administrator of the Issuer) shall be treated and accepted by the Issuer, the Trustee, the Holders and all other interested parties as correct and sufficient evidence thereof and the Trustee shall be entitled to rely on such certificate without further enquiry and without liability to any person.

Any payment of interest not due by reason of this Condition 3(b) shall not be or become payable at any time and shall be cancelled as provided in Condition 5(e).

#### (c) Winding-Up

##### (i) Winding-Up prior to a Trigger Event

The rights and claims of the Holders (and of the Trustee on their behalf) against the Issuer at all times subject to any mandatory provisions of the laws of England and, subject thereto, are subordinated to the claims of Senior Creditors in that if a Winding-Up occurs prior to the occurrence of a Trigger Event, there shall be payable by the Issuer in respect of each Capital Security (in lieu of any other payment by the Issuer), such amount, if any, as would have been payable to the Holder of such Capital Security if, throughout such Winding-Up, such Holder were the holder of one of a class of preference shares in the capital of the Issuer (“**Notional Preference Shares**”) having an equal right to a return of assets in the Winding-Up to, and so ranking *pari passu* with, the holders of the most senior class or classes of issued preference shares (if any) in the capital of the Issuer from time to time and which have a preferential right to a return of assets in the Winding-Up over, and so rank ahead of, the holders of all other classes of issued shares for the time being in the capital of the Issuer but ranking junior to the claims of Senior Creditors, on the assumption that the amount that such Holder was entitled to receive in respect of each Notional Preference Share on a return of assets in such Winding-Up

were an amount equal to the principal amount of the relevant Capital Security together with any accrued but unpaid interest thereon (to the extent such interest has not been cancelled in accordance with these Conditions) and any damages awarded for breach by the Issuer of any obligations in respect of such Capital Security, whether or not the Solvency Condition is satisfied on the date upon which the same would otherwise be due and payable (and, in the case of an administration, on the assumption that such preference shareholders were entitled to claim and recover in respect of their preference shares to the same degree as in a Winding-Up).

(ii) *Winding-Up on or after the occurrence of a Trigger Event*

If a Winding-Up occurs concurrently with or after the occurrence of a Trigger Event, and where Conversion has not yet been effected, there shall be payable by the Issuer in respect of each Capital Security (in lieu of any other payment or any issue or delivery of TSBBG Ordinary Shares by the Issuer), such amount, if any, as would have been payable to the Holder of such Capital Security if, on the day prior to the commencement of the Winding-Up and thereafter, such Holder were the holder of such number of TSBBG Ordinary Shares as that Holder would have been entitled to receive upon Conversion in accordance with Condition 6 (and, in the case of an administration, on the assumption that holders of TSBBG Ordinary Shares were entitled to claim and recover in respect of their TSBBG Ordinary Shares to the same degree as in a Winding-Up).

(d) *Set-off*

Subject to applicable law, no Holder may exercise, claim or plead any right of set-off, netting, 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 Capital Securities or the Trust Deed and each Holder shall, by virtue of its holding of any Capital Security (or any beneficial interest therein), be deemed, to the fullest extent permitted under applicable law, to have waived all such rights of set-off, netting, 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 Capital Securities is discharged by set-off, netting, compensation, counterclaim or retention, 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.

*Condition 3(d) shall not be construed as indicating or acknowledging that any rights of set-off (including compensation, counterclaim, netting or retention), counterclaim or netting would, but for Condition 3(d), otherwise be available to any Holder with respect to any Capital Security.*

#### 4 Interest Payments

(a) *Interest Rate*

Subject to Conditions 3(b), 5 and 6, the Capital Securities bear interest on their principal amount at the applicable Interest Rate from (and including) the Issue Date in accordance with the provisions of this Condition 4.

Subject to Conditions 3(b), 5 and 6, interest shall be payable on the Capital Securities semi-annually (for each Interest Period commencing in the Initial Fixed Rate Interest Period) and quarterly (for each Interest Period commencing on or after the First Reset Date), in each case in arrear on each Interest Payment Date in equal instalments, in each case as provided in this Condition 4.

Where it is necessary to compute an amount of interest in respect of any Capital Security for a period which is less than a complete Interest Period, the relevant day-count fraction shall be determined on the basis of a day-count fraction equal to the actual number of days elapsed in the relevant period divided by 365.

**(b) Interest Accrual**

Subject to Conditions 3(b), 5 and 6, the Capital Securities will cease to bear interest from (and including) the due date for redemption thereof pursuant to Condition 7(c), (d), (e) or (f) or the date of substitution thereof pursuant to Condition 7(g), as the case may be, unless, upon surrender of the Certificate representing any Capital Security, payment of all amounts due in respect of such Capital Security is not properly and duly made, in which event interest shall continue to accrue on the principal amount of such Capital Security, 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 Capital Security shall be calculated per Calculation Amount and the amount of interest per Calculation Amount shall, save as provided in Condition 4(a) in relation to equal instalments and subject to Conditions 3(b), 5 and 6, be equal to the product of the Calculation Amount, the relevant Interest Rate and the day-count fraction as described in Condition 4(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 Capital Security is the aggregate of the amounts (calculated as aforesaid) for each Calculation Amount comprising the denomination of the Capital Security.

**(c) Initial Fixed Interest Rate**

For the Initial Fixed Rate Interest Period, the Capital Securities bear interest, subject to Conditions 3(b), 5 and 6, at the rate of 8.750 per cent. per annum (the “**Initial Fixed Interest Rate**”). Subject to Conditions 3(b), 5 and 6, each interest payment will (if paid in full) amount to:

- (i) £8,750 per Calculation Amount for each Interest Period commencing in the Initial Fixed Rate Interest Period (other than the first Interest Period); and
- (ii) £5,321.92 per Calculation Amount for the first Interest Period.

**(d) Reset Rate of Interest**

The Interest Rate will be reset (the “**Reset Rate of Interest**”) in accordance with this Condition 4(d) on each Reset Date. The Reset Rate of Interest in respect of each Reset Period will (unless a Benchmark Event has occurred, in which case the relevant Reset Rate of Interest shall be determined pursuant to and in accordance with Condition 4(i)) be determined by the Agent Bank on the relevant Reset Determination Date as the sum of the relevant Reset Reference Rate and the Margin (with such sum converted by the Agent Bank to a quarterly basis using the following formula (with the result rounded (if necessary) to the nearest 0.001 per cent. (0.0005 per cent. being rounded upwards)):

$$\text{Quarterly Rate} = 4 \left[ (1 + A)^{\frac{1}{4}} - 1 \right]$$

Where A = the sum of the Margin and the relevant Reset Reference Rate.

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

The Agent Bank will, as soon as practicable after 11.00 a.m. (London time) on each Reset Determination Date, determine the Reset Rate of Interest in respect of the relevant 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 all parties.

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

The Issuer shall cause notice of the Reset Rate of Interest determined in accordance with this Condition 4 in respect of each Reset Period to be given to the Trustee, the Principal Paying Agent, the Registrar, each of the Transfer Agents, any stock exchange on which the Capital Securities are for the time being listed or admitted to trading and, in accordance with Condition 15, 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 Capital Securities become due and payable pursuant to Condition 9(a), the accrued interest per Calculation Amount and the Reset Rate of Interest payable in respect of the Capital Securities shall nevertheless continue to be calculated as previously by the Agent Bank in accordance with this Condition 4 but no publication of the Reset Rate of Interest need be made unless the Trustee otherwise requires.

**(g) *Agent Bank***

The Issuer will maintain an Agent Bank. The name of the initial Agent Bank and its initial specified office is set out at the end of these Conditions.

The Issuer may, with the prior written approval of the Trustee, from time to time replace the Agent 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 any Reset Period as provided in Condition 4(d), the Issuer shall forthwith appoint another leading investment or commercial bank or financial institution (of international repute) 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 4, by or on behalf of the Agent Bank, shall (in the absence of manifest error) be binding on the Issuer, the Agent Bank, the Trustee, the Principal Paying Agent, the Registrar, the Transfer Agents and all Holders and (in the absence of wilful default or gross negligence) no liability to the Holders 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.

**(i) *Benchmark Discontinuation***

Notwithstanding the other provisions of Condition 4 above, if the Issuer determines that a Benchmark Event has occurred in relation to the Original Reference Rate when any Reset Rate of Interest (or any component part thereof) remains to be determined by reference to the Original Reference Rate, then the following provisions of this Condition 4(i) shall apply.

**(a) *Independent Adviser***

The Issuer shall use its reasonable endeavours to appoint an Independent Adviser, as soon as reasonably practicable, to advise (in good faith and in a commercially reasonable manner) the Issuer in determining a Successor Rate, failing which an Alternative Rate (in accordance with Condition 4(i)(b)) and, in either case, an Adjustment Spread if any (in accordance with Condition 4(i)(c)) and any Benchmark Amendments (in accordance with Condition 4(i)(d)). If the Issuer is unable to appoint an Independent Adviser, the Issuer may determine a Successor Rate, failing which an Alternative Rate (in accordance with Condition 4(i)(b)) and, in either case, an

Adjustment Spread if any (in accordance with Condition 4(i)(c)) and any Benchmark Amendments (in accordance with Condition 4(i)(d)).

In making any such determination, the Issuer shall act in good faith and in a commercially reasonable manner. In the absence of fraud, the Issuer and the Independent Adviser shall have no liability whatsoever to the Issuer, the Trustee, the Agents or the Holders for any determination made by it and for any advice given to the Issuer in connection with any determination made by such Issuer, pursuant to this Condition 4(i).

If the Issuer fails to determine a Successor Rate or, failing which, an Alternative Rate and, in either case, an Adjustment Spread in accordance with this Condition 4(i) prior to the relevant Reset Determination Date, the Reset Rate of Interest applicable to the next succeeding Reset Period shall be equal to the Reset Rate of Interest last determined in relation to the Capital Securities in respect of the immediately preceding Interest Period. If the First Reset Date has not yet occurred, the Reset Rate of Interest shall be the Initial Fixed Interest Rate. For the avoidance of doubt, this sub-paragraph shall apply to the relevant next succeeding Reset Period only and any subsequent Reset Periods are subject to the subsequent operation of, and to adjustment as provided in, this Condition 4(i).

(b) *Successor Rate or Alternative Rate*

If the Issuer, following consultation with the Independent Adviser (if any), determines that:

- (i) there is a Successor Rate, then such Successor Rate and the applicable Adjustment Spread shall subsequently be used in place of the Original Reference Rate to determine the Reset Rate of Interest (or the relevant component part thereof) in respect of periods beginning from the end of the then current Reset Period onwards or, if the Issuer determines that a Benchmark Event has occurred prior to the first Reset Determination Date, from the First Reset Date onwards, subject to the further operation of this Condition 4(i); or
- (ii) there is no Successor Rate but that there is an Alternative Rate, then such Alternative Rate and the applicable Adjustment Spread shall subsequently be used in place of the Original Reference Rate to determine the Reset Rate of Interest (or the relevant component part thereof) in respect of periods beginning from the end of the then current Reset Period onwards or, if the Issuer determines that a Benchmark Event has occurred prior to the first Reset Determination Date, from the First Reset Date onwards, subject to the further operation of this Condition 4(i).

(c) *Adjustment Spread*

The Adjustment Spread (or the formula or methodology for determining the Adjustment Spread) shall be applied to the Successor Rate or the Alternative Rate (as the case may be), including for each subsequent determination of a relevant Reset Rate of Interest (or any component part(s) thereof) by reference to such Successor Rate or Alternative Rate (as applicable), subject to the subsequent operation of this Condition 4(i).

If the Issuer, following consultation with the Independent Adviser (if any), is unable to determine the Adjustment Spread (or the formula or methodology for determining such Adjustment Spread) then the fallback provisions described in the final sub-paragraph of Condition 4(i)(a) shall apply. For the avoidance of doubt, this sub-paragraph shall apply to the relevant next succeeding Reset Period, and any subsequent Reset Periods are subject to the subsequent operation of, and to adjustment as provided in, the first sub-paragraph of Condition 4(i)(a).



(d) *Benchmark Amendments*

If any Successor Rate or Alternative Rate and, in either case, the applicable Adjustment Spread is determined in accordance with this Condition 4(i) and the Issuer, following consultation with the Independent Adviser (if any), determines (i) that amendments to these Conditions, the Agency Agreement and/or the Trust Deed are necessary to ensure the proper operation of such Successor Rate, Alternative Rate and/or (in either case) the applicable Adjustment Spread (such amendments, the “**Benchmark Amendments**”) and (ii) the terms of the Benchmark Amendments, then the Issuer shall, subject to giving notice thereof in accordance with Condition 15, without any requirement for the consent or approval of the Holders, vary these Conditions, the Agency Agreement and/or the Trust Deed to give effect to such Benchmark Amendments with effect from the date specified in such notice.

At the request of the Issuer, but subject to receipt by the Trustee, the Agent Bank and the Principal Paying Agent of a certificate signed by two Authorised Signatories of the Issuer, the Trustee, the Agent Bank and the Principal Paying Agent shall (at the expense and direction of the Issuer), without any requirement for the consent or approval of the Holders, be obliged to concur with the Issuer and use reasonable endeavours to effect any Benchmark Amendments (including, inter alia, by the execution of a deed supplemental to or amending the Trust Deed) and the Trustee, the Agent Bank and the Principal Paying Agent shall not be liable to any party for any consequences thereof, provided that the Trustee, the Agent Bank and the Principal Paying Agent shall not be obliged so to concur or use such endeavours if in the opinion of the Trustee, the Agent Bank and the Principal Paying Agent (as applicable) doing so would impose more onerous obligations upon it or expose it to any additional duties, responsibilities or liabilities or reduce or amend the rights and/or the protective provisions afforded to it in these Conditions and/or any documents to which it is a party (including, for the avoidance of doubt, any supplemental trust deed) in any way. For the avoidance of doubt, no Holder consent shall be required in connection with effecting any Benchmark Amendments or such other changes, including for the execution of any documents, amendments or other steps by the Issuer, the Trustee, the Agent Bank or the Principal Paying Agent (if required).

In connection with any such variation in accordance with this Condition 4(i), the Issuer shall comply with the rules of any stock exchange on which the Capital Securities are for the time being listed or admitted to trading.

Notwithstanding any other provision of this Condition 4(i), no Successor Rate or Alternative Rate will be adopted, nor will the applicable Adjustment Spread be applied, nor will any Benchmark Amendments be made, if and to the extent that, in the determination of the Issuer, the same could reasonably be expected to prejudice the qualification of some of or the entire principal amount of the Capital Securities as Additional Tier 1 Capital of the Issuer Group.

Notwithstanding any other provisions of this Condition 4(i), if in the Agent Bank’s opinion there is any uncertainty between two or more alternative courses of action in making any determination or calculation under this Condition 4(i), the Agent Bank shall promptly notify the Issuer thereof and the Issuer shall direct the Agent Bank in writing as to which alternative course of action to adopt. If the Agent Bank is not promptly provided with such direction, or is otherwise unable to make such calculation or determinations for any reason, it shall notify the Issuer thereof and the Agent Bank shall be under no obligation to make such calculation or determination and shall not incur any liability for not doing so.

(e) *Notices, etc.*

Any Successor Rate, Alternative Rate, Adjustment Spread and the specific terms of any Benchmark Amendments determined under this Condition 4(i) will be notified promptly by the Issuer to the Trustee, the Agents and, in accordance with Condition 15, the Holders. Such notice shall be irrevocable and shall specify the effective date of the Benchmark Amendments, if any.

No later than notifying the Trustee and the Agents of the same, the Issuer shall deliver to the Trustee and the Agents a certificate signed by two Authorised Signatories of the Issuer:

- (i) confirming (A) that a Benchmark Event has occurred, (B) the Successor Rate or, as the case may be, the Alternative Rate and, (C) the applicable Adjustment Spread and/or (D) the specific terms of the Benchmark Amendments (if any), in each case as determined in accordance with the provisions of this Condition 4(i); and
- (ii) certifying that the Benchmark Amendments (if any) are necessary to ensure the proper operation of such Successor Rate or Alternative Rate and (in either case) the applicable Adjustment Spread.

Each of the Trustee and the Agents shall be entitled to rely on such certificate (without enquiry or liability to any person) as sufficient evidence thereof. For the avoidance of doubt, each of the Trustee and the Agents shall not be liable to the Holders or any other such person for so acting or relying on such certificate, irrespective of whether any such modification is or may be materially prejudicial to the interests of any such person. The Successor Rate or Alternative Rate and the Adjustment Spread and the Benchmark Amendments specified in such certificate will (in the absence of manifest error in the determination of the Successor Rate or Alternative Rate and the Adjustment Spread (if any) and the Benchmark Amendments (if any) and without prejudice to the Trustee's and Agents' respective abilities to rely on such certificate as aforesaid) be binding on the Issuer, the Trustee, the Agents and the Holders.

(f) *Survival of Original Reference Rate*

Without prejudice to the obligations of the Issuer under Condition 4(i)(a), Condition 4(i)(b), Condition 4(i)(c) and Condition 4(i)(d), the Original Reference Rate and the fallback provisions provided for in the definition of "Reset Reference Rate" in Condition 20, as the case may be, will continue to apply unless and until a Benchmark Event has occurred and the Trustee has been notified of the Successor Rate or the Alternative Rate (as the case may be), and any Adjustment Spread and Benchmark Amendments, in accordance with Condition 4(i)(e).

(g) *Definitions*

As used in this Condition 4(i):

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

- (i) in the case of a Successor Rate, is formally recommended in relation to the replacement of the Original Reference Rate with the Successor Rate by any Relevant Nominating Body; or (if no such recommendation has been made, or in the case of an Alternative Rate)
- (ii) the Issuer, following consultation with the Independent Adviser (if any), determines, is customarily applied to the relevant Successor Rate or the Alternative Rate (as the case may be) in international debt capital markets transactions which reference the Original Reference Rate to produce an industry-accepted replacement rate for the Original

Reference Rate; or (if the Issuer, following consultation with the Independent Adviser (if any), determines that no such spread is customarily applied)

- (iii) the Issuer, following consultation with the Independent Adviser (if any), determines is recognised or acknowledged as being the industry standard for over-the-counter derivative transactions which reference the Original Reference Rate, where such rate has been replaced by the Successor Rate or the Alternative Rate (as the case may be); or (if the Issuer, following consultation with the Independent Adviser (if any), determines that no such industry standard is recognised or acknowledged)
- (iv) the Issuer, following consultation with the Independent Adviser (if any), determines to be appropriate;

“**Alternative Rate**” means an alternative benchmark or screen rate which the Issuer, following consultation with the Independent Adviser (if any), determines in accordance with Condition 4(i)(b) is customarily applied in international debt capital markets transactions for the purposes of determining rates of interest (or the relevant component part thereof) in pounds sterling;

“**Benchmark Amendments**” has the meaning given to it in Condition 4(i)(d);

“**Benchmark Event**” means:

- (i) the Original Reference Rate ceasing to be published for a period of at least five Business Days or ceasing to exist; or
- (ii) the making of a public statement by the administrator of the Original Reference Rate that it has ceased or that it will cease publishing the Original Reference Rate permanently or indefinitely (in circumstances where no successor administrator has been appointed that will continue publication of the Original Reference Rate); or
- (iii) the making of a public statement by the supervisor of the administrator of the Original Reference Rate, that the Original Reference Rate has been or will be permanently or indefinitely discontinued; or
- (iv) the making of a public statement by the supervisor of the administrator of the Original Reference Rate as a consequence of which the Original Reference Rate will be prohibited from being used either generally, or in respect of the Notes; or
- (v) the making of a public statement by the supervisor of the administrator of the Original Reference Rate that the Original Reference Rate is no longer representative of an underlying market; or
- (vi) it has become unlawful for any Paying Agent, the Agent Bank or the Issuer to calculate any payments due to be made to any Holder using the Original Reference Rate,

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

“**Independent Adviser**” means an independent financial institution of international repute or an independent financial adviser with appropriate experience appointed by the Issuer at its own expense under Condition 4(i)(a) and notified in writing to the Trustee;

“**Original Reference Rate**” means the rate described in paragraph (i) of the definition of “Reset Reference Rate” in Condition 20 or (if applicable) any other successor or alternative rate (or component part thereof) determined to be applicable to the Capital Securities pursuant to the earlier operation of this Condition 4(i);

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

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

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

## 5 Cancellation of Interest

### (a) *Optional cancellation of Interest*

The Issuer may in its sole and absolute discretion (but subject to the requirement for mandatory cancellation of interest pursuant to Conditions 3(b), 5(b), 5(c), 5(d) and 6(a)(i)) at any time elect to cancel any interest payment, in whole or in part, which is scheduled to be paid on any date.

### (b) *Mandatory Cancellation of Interest – Insufficient Distributable Items*

Interest otherwise due to be paid on any date will not become due or payable (in whole or, as the case may be, in part), and the relevant payment will be deemed cancelled and will not be made, if and to the extent that the amount of such interest payment otherwise due (together with any Additional Amounts payable thereon pursuant to Condition 10, if applicable), together with any interest payments or other distributions which have been paid or made during the then current Financial Year, or which are payable on such date, on the Capital Securities and on or in respect of any Parity Securities or any Junior Securities (excluding any such interest payments or other distributions which (i) are not required to be made out of Distributable Items or (ii) have already been provided for, by way of deduction, in the calculation of Distributable Items) in aggregate would exceed the amount of Distributable Items of the Issuer as at such date.

### (c) *Mandatory Cancellation of Interest – Maximum Distributable Amount*

Interest otherwise due to be paid on any date will not become due or payable (in whole or, as the case may be, in part), and the relevant payment will be deemed cancelled and will not be made, to the extent that the amount of such interest payment otherwise due (together with any Additional Amounts payable thereon pursuant to Condition 10, if applicable), together with other distributions of the kind referred to in any applicable provisions of the Regulatory Capital Requirements which require a maximum distributable amount to be calculated and which are required under prevailing Regulatory Capital

Requirements to be taken into account for this purpose, in aggregate would cause the Maximum Distributable Amount (if any) then applicable to the Issuer Group to be exceeded.

**(d) *Mandatory Cancellation of Interest – Relevant Authority Order***

Interest otherwise due on an Interest Payment Date will not be due (in whole or, as the case may be, in part), and the relevant payment will be deemed cancelled and will not be made, to the extent the Relevant Authority orders the Issuer to cancel such payment.

**(e) *Notice of Cancellation of Interest***

Upon the Issuer electing to cancel any interest payment (or part thereof) pursuant to Condition 5(a), or being prohibited from making any interest payment (or part thereof) pursuant to Conditions 3(b), 5(b), 5(c) or 5(d), the Issuer shall, as soon as reasonably practicable on or prior to the scheduled payment date, give notice of such non-payment and the reason therefor to the Trustee and the Principal Paying Agent, and the Holders in accordance with Condition 15. Any cancellation of interest or non-payment of interest in accordance with these Conditions, or any delay in giving or failure to give such notice, shall not affect the deemed cancellation of any interest payment (in whole or, as the case may be, in part) by the Issuer and shall not constitute a default under the Capital Securities or for any purpose. Such notice shall specify the amount of the relevant cancellation and, accordingly, the amount (if any) of the relevant interest payment that will be paid on the relevant date.

**(f) *Interest non-cumulative; no default or restrictions***

Any interest payment (or, as the case may be, part thereof) not paid on any relevant scheduled payment date by reason of Condition 3(b), 5(a), 5(b), 5(c), 5(d) or 6 shall be cancelled, shall not accumulate, and will not become due or payable at any time thereafter, whether in a Winding-Up or otherwise. The Issuer may use such cancelled payment without restriction and the cancellation of such interest amounts will not impose any restrictions on the Issuer nor prevent or restrict the Issuer from declaring or making any distributions or interest payments on any of its shares or other instruments or obligations.

If the Issuer does not pay any interest payment (in whole or, as the case may be, in part) on the relevant scheduled payment date, such non-payment (whether the notice referred to in Condition 5(e) or, as appropriate, Condition 6(a) has been given or not) shall evidence either the non-payment and cancellation of such interest payment (in whole or, as the case may be, in part) by reason of it not being due in accordance with Condition 3(b), the cancellation of such interest payment (in whole or, as the case may be, in part) in accordance with Conditions 5(b), 5(c), 5(d) or 6(a)(i) or, as appropriate, the Issuer's exercise of its discretion to cancel such interest payment (in whole or, as the case may be, in part) in accordance with Condition 5(a). Accordingly, non-payment of any interest (in whole or, as the case may be, in part) in accordance with any of Condition 3(b), 5(a), 5(b), 5(c), 5(d) or 6(a)(i) will not constitute a default by the Issuer for any purpose (whether under the Capital Securities or otherwise) and the Holders shall have no right thereto, whether in a Winding-Up or otherwise.

**6 Conversion**

**(a) *Conversion on a Trigger Event***

If, at any time, it is determined (as provided below) that a Trigger Event has occurred the Issuer shall (unless the determination was made by the Relevant Authority), immediately, inform the Relevant Authority of the occurrence of the Trigger Event and, without delay and by no later than one month (or such shorter period as the Relevant Authority may then require) from the occurrence of the relevant Trigger Event, the Issuer shall:

- (i) automatically and irrevocably cancel any interest which is accrued and unpaid up to (and including) the Conversion Date (whether or not such interest has become due for payment); and
- (ii) as more fully described in Condition 6(b), on the Conversion Date issue to the Settlement Shares Depository, to be held on trust for the Holders, such number of TSBBG Ordinary Shares as is equal to the aggregate principal amount of the Capital Securities divided by the Conversion Price prevailing on the Conversion Date rounded down to the nearest whole number of TSBBG Ordinary Shares in consideration for the release of the Issuer's liabilities in respect of repayment of the principal amount of the Capital Securities and its other liabilities under the Capital Securities (including the payment of interest or any other amount on or in respect of the Capital Securities), and each Capital Security shall, subject to and as provided in this Condition 6, thereby be irrevocably cancelled.

As used herein:

**“Conversion”** means the irrevocable and automatic release of all of the Issuer's obligations under the Capital Securities in consideration for the issue of TSBBG Ordinary Shares at the then prevailing Conversion Price to the Settlement Shares Depository (on behalf of the Holders) or to the relevant recipient, in accordance with these Conditions. Such release shall all be effected pursuant to this Condition 6 and “convert” and “converted” shall be construed accordingly;

**“Conversion Price”** means:

- (i) prior to an IPO Event, the prevailing Pre-IPO Conversion Price; and
- (ii) on and from an IPO Event, the prevailing Post-IPO Conversion Price;

**“Initial Post-IPO Conversion Price”** means, as at the time of the IPO Event (i) the Pre-IPO Conversion Price prevailing at such time or, if higher (ii) 66.7 per cent. of the final price per share at which the relevant TSBBG Ordinary Shares are offered in connection with the IPO Event;

**“Initial Pre-IPO Conversion Price”** means £2.132;

**“Post-IPO Conversion Price”** means, at any time, the Initial Post-IPO Conversion Price as most recently adjusted (if at all) pursuant to Condition 6(d); and

**“Pre-IPO Conversion Price”** means, at any time, the Initial Pre-IPO Conversion Price as most recently adjusted (if at all) pursuant to Condition 6(d).

For the purposes of determining whether a Trigger Event has occurred, the CET1 Ratio may be calculated at any time based on information (whether or not published) available to management of the Issuer and/or the Relevant Authority, including information internally reported within the Issuer pursuant to its procedures for monitoring the CET1 Ratio.

The determination as to whether a Trigger Event has occurred shall be made by the Issuer or the Relevant Authority or any agent appointed for such purpose by the Relevant Authority. Any such determination shall be binding on the Issuer and the Holders.

The Issuer shall, as soon as reasonably practicable following the determination that a Trigger Event has occurred, and in any event not more than 5 Business Days following such determination (provided that later notice shall not constitute a default under the Capital Securities for any purpose or affect the Conversion of the Capital Securities on the Conversion Date), give notice (which notice shall be irrevocable) to the Holders in accordance with Condition 15, the Trustee and the Agents (the **“Trigger Event Notice”**) stating: (i) that the Trigger Event has occurred; (ii) the Conversion Date and details of

the Settlement Shares Depository; (iii) the prevailing Conversion Price (which Conversion Price shall remain subject to any subsequent adjustment pursuant to Condition 6(d) up to the Conversion Date); (iv) the procedures Holders will need to follow to receive TSBBG Ordinary Shares from the Settlement Shares Depository pursuant to Condition 6(c); and (v) the Long-Stop Date.

On or (if reasonably practicable) prior to giving the Trigger Event Notice, the Issuer shall deliver to the Trustee a certificate signed by an Authorised Signatory certifying the accuracy of the contents of the Trigger Event Notice upon which the Trustee shall rely (without liability to any person).

Any delay in giving or any failure by the Issuer to give a Trigger Event Notice and/or the certification referred to in the immediately foregoing paragraph will not, however affect the effectiveness of, or otherwise invalidate, any such Conversion, or give Holders or any other person any rights as a result of such failure.

Fractions of TSBBG Ordinary Shares will not be delivered in connection with any Conversion and no cash payment or other adjustment will be made in lieu thereof, whether on a Winding-Up or otherwise. However, if one or more Conversion Notices and relevant Certificates are delivered to the Settlement Shares Depository such that any TSBBG Ordinary Shares to be issued and delivered to a Holder on Conversion are to be registered in the same name, the number of TSBBG Ordinary Shares to be issued and delivered in respect thereof shall be calculated on the basis of the aggregate principal amount of such Capital Securities to be converted.

The Issuer undertakes to maintain all corporate authorities necessary to issue and allot a sufficient number of TSBBG Ordinary Shares, free from pre-emption rights and all other encumbrances, pursuant to this Condition 6(a).

The Capital Securities are not convertible into TSBBG Ordinary Shares at the option of the Holders or the Trustee at any time.

**(b) Consequences of a Conversion**

- (i) If the Trigger Event occurs, the Capital Securities will be converted in whole and not in part on the Conversion Date as provided in this Condition 6, at which point all of the Issuer's obligations under the Capital Securities shall be irrevocably and automatically released in consideration for the Issuer's issuance and delivery of the relevant TSBBG Ordinary Shares to the Settlement Shares Depository on the Conversion Date at the then prevailing Conversion Price.
- (ii) The Issuer shall use all reasonable endeavours promptly to appoint such Settlement Shares Depository. If, however, the Issuer has been unable to appoint a Settlement Shares Depository, it shall make such other arrangements for the issuance and delivery of the TSBBG Ordinary Shares to be issued and delivered upon Conversion to the Holders as it shall consider reasonable in the circumstances, which may include issuing and delivering the TSBBG Ordinary Shares to another independent nominee to be held on trust for the Holders or to the Holders directly, which issuance and delivery shall irrevocably discharge and satisfy all of the Issuer's obligations under the Capital Securities as if the relevant TSBBG Ordinary Shares had been issued and delivered to the Settlement Shares Depository and, in which case, where the context so admits, references in these Conditions to the issue and delivery of TSBBG Ordinary Shares to the Settlement Shares Depository shall be construed accordingly and apply mutatis mutandis.
- (iii) Provided that the Issuer issues and delivers the relevant TSBBG Ordinary Shares to the Settlement Shares Depository in accordance with these Conditions, with effect from the Conversion Date, Holders shall not have any rights against the Issuer with respect to: (x)

repayment of the principal amount of the Capital Securities or any part thereof; (y) the payment of interest for any period; or (z) any other amounts arising under or in connection with the Capital Securities and the Issuer shall be released in full from its liabilities under the Capital Securities which will be cancelled as provided herein.

- (iv) The TSBBG Ordinary Shares to be issued and delivered as a result of Conversion shall (except where the Issuer has not appointed a Settlement Shares Depositary as contemplated in Condition 6(b)(i)) initially be registered in the name of the Settlement Shares Depositary, which shall hold such TSBBG Ordinary Shares on trust for the Holders. By virtue of its holding of any Capital Security, each Holder shall be deemed to have irrevocably directed the Issuer to issue and deliver such TSBBG Ordinary Shares to the Settlement Shares Depositary.
- (v) Provided that the Issuer so issues and delivers the TSBBG Ordinary Shares to be issued and delivered as a result of Conversion to the Settlement Shares Depositary as aforesaid, with effect on and from the Conversion Date, Holders of the Capital Securities shall have recourse only to Settlement Shares Depositary for the delivery to them of TSBBG Ordinary Shares to which they are entitled. Subject to Condition 6(b)(i), if the Issuer fails to issue and deliver the TSBBG Ordinary Shares to be issued and delivered as a result of Conversion to the Settlement Shares Depositary on the Conversion Date, a Holder's only right under the Capital Securities against the Issuer for any such failure will be to claim to have such TSBBG Ordinary Shares so issued and delivered.
- (vi) Following the issuance and delivery of the TSBBG Ordinary Shares to be delivered on Conversion to the Settlement Shares Depositary on the Conversion Date as aforesaid, the Capital Securities shall remain in existence until the applicable Settlement Date (or, if earlier, the Long-Stop Date) for the purpose only of evidencing the Holders' right as aforesaid to receive such TSBBG Ordinary Shares to be delivered by the Settlement Shares Depositary.
- (vii) Subject to and as provided in Condition 6(b)(iv), the Settlement Shares Depositary shall hold the TSBBG Ordinary Shares to be issued and delivered on Conversion on trust for the Holders. Such Holders shall, for so long as such TSBBG Ordinary Shares are held by the Settlement Shares Depositary, be entitled to receive any ordinary dividends paid on such TSBBG Ordinary Shares and shall be entitled to direct the Settlement Shares Depositary to exercise on their behalf any rights of an ordinary shareholder (including voting rights) except that such Holders shall not be able to sell or otherwise transfer such TSBBG Ordinary Shares unless and until such time as the relevant TSBBG Ordinary Shares have been delivered to Holders in accordance with Condition 6(h).

**(c) Conversion Settlement**

- (i) Upon Conversion, the principal amount of the Capital Securities will be written down in full. Holders shall be deemed to have waived all rights and claims in respect of the principal amount by which the Capital Securities are written down and shall be deemed irrevocably to have directed and authorised the Issuer to apply such amount on their behalf in paying up the relevant fully-paid TSBBG Ordinary Shares to be issued and/or delivered to the Settlement Shares Depositary on Conversion of their Capital Securities. The Issuer shall issue and deliver to the Settlement Shares Depositary to be held on trust for a Holder such number of TSBBG Ordinary Shares as is equal to the aggregate principal amount of the Capital Securities held by such Holder divided by the Conversion Price prevailing on the Conversion Date rounded down to the nearest whole number of TSBBG Ordinary Shares.



- (ii) In order to obtain delivery from the Settlement Shares Depository of TSBBG Ordinary Shares following a Conversion, Holders will, subject to Condition 6(c)(iii), be required to deliver to the Settlement Shares Depository (or the Conversion Agent or any other agent designated for the purpose in the Trigger Event Notice) a Conversion Notice and the relevant Certificate representing the relevant Capital Security.

Subject as otherwise provided herein, the relevant TSBBG Ordinary Shares will be delivered by or on behalf of the Settlement Shares Depository in accordance with the instructions given in the relevant Conversion Notice.

- (iii) If not previously cancelled on the relevant Settlement Date, the relevant Capital Securities shall be cancelled on the Long-Stop Date and any Holder seeking to obtain TSBBG Ordinary Shares thereafter shall be required to provide such evidence as to entitlement to such TSBBG Ordinary Shares as the Settlement Shares Depository may reasonably require in its sole discretion. The Issuer shall have no liability to any Holder for any loss resulting from such Holder not receiving any TSBBG Ordinary Shares, or from any delay in the receipt thereof, as a result of such Holder failing to submit a valid Conversion Notice and the relevant Certificate(s), on a timely basis or at all.
- (iv) Any determination as to whether any Conversion Notice has been properly completed and delivered together with the relevant Certificate(s) as provided in these Conditions shall be made by the Settlement Shares Depository or the Conversion Agent, as the case may be, in its sole discretion and shall be conclusive and binding on the relevant Holder(s).
- (v) The Trustee and the Agents shall not be responsible for monitoring or enforcing the obligations of the Settlement Shares Depository (or such other recipient of the TSBBG Ordinary Shares, as set out above).

**(d) Adjustments to the Conversion Price**

Upon the happening of any of the events described below, the Conversion Price shall be adjusted as follows:

- (i) If and whenever there shall be a consolidation, subdivision, reclassification or redesignation in relation to the TSBBG Ordinary Shares which alters the number of TSBBG Ordinary Shares in issue, the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately prior to such consolidation, subdivision, reclassification or redesignation by the following fraction:

$$\frac{A}{B}$$

where:

**A** is the aggregate number of TSBBG Ordinary Shares in issue immediately prior to such consolidation, subdivision, reclassification or redesignation, as the case may be; and

**B** is the aggregate number of TSBBG Ordinary Shares in issue immediately after, and as a result of, such consolidation, subdivision, reclassification or redesignation, as the case may be.

Such adjustment shall become effective on the date such consolidation, subdivision, reclassification or redesignation takes effect.

- (ii) If and whenever the Issuer shall issue any TSBBG Ordinary Shares credited as fully paid up to the Shareholders by way of capitalisation of profits or reserves (including any share premium account or capital redemption reserve) other than where:
- (A) any such TSBBG Ordinary Shares are or are to be issued instead of the whole or part of a Cash Distribution which the Shareholders would or could otherwise have received; or
  - (B) the Shareholders may elect to receive a Cash Distribution in lieu of such TSBBG Ordinary Shares; or
  - (C) any such TSBBG Ordinary Shares are or are expressed to be issued in lieu of a dividend (whether or not a Cash Distribution equivalent or amount is announced or would otherwise be payable to the Shareholders, whether at their election or otherwise),

the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately prior to such issue by the following fraction:

$$\frac{A}{B}$$

where:

**A** is the aggregate number of TSBBG Ordinary Shares in issue immediately prior to such issue; and

**B** is the aggregate number of TSBBG Ordinary Shares in issue immediately after such issue.

Such adjustment shall become effective on the date on which any such newly issued TSBBG Ordinary Shares are issued.

- (iii) If and whenever the Issuer shall issue TSBBG Ordinary Shares to Shareholders as a class by way of rights, or the Issuer or (at the direction or request of, or pursuant to any arrangements with, the Issuer) any other company, person or entity shall issue or grant the Shareholders as a class by way of rights, any options, warrants or other rights to subscribe for or purchase or otherwise acquire TSBBG Ordinary Shares, or any securities (including, without limitation, shares in the capital of the Issuer, or options, warrants or other rights to subscribe for or purchase or acquire shares in the capital of the Issuer) which by their terms of issue carry (directly or indirectly) rights of conversion into, or exchange or subscription for, or the right to acquire, any TSBBG Ordinary Shares (or shall grant any such rights in respect of existing securities (including, without limitation, shares in the capital of the Issuer, or options, warrants or other rights to subscribe for or purchase or acquire shares in the capital of the Issuer) so issued), in each case at a price per TSBBG Ordinary Share which is less than 95 per cent. of the Current Price per TSBBG Ordinary Share of that class on:
- (A) if the TSBBG Ordinary Shares are then listed, the first date on which the TSBBG Ordinary Shares are traded ex-rights, ex-options or ex-warrants on the primary stock exchange on which the TSBBG Ordinary Shares are listed; or
  - (B) otherwise, the day following the expiry of the relevant options, warrants or rights, (the relevant such date, the “**Ex-Date**”),

then, the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately prior to the Ex-Date by the following fraction:

$$\frac{A + B}{A + C}$$

where:

**A** is the total number of TSBBG Ordinary Shares in issue on the Ex-Date (excluding any TSBBG Ordinary Shares which may be issued on such date as a result of the exercise of such rights, options or warrants);

**B** is the number of TSBBG Ordinary Shares which the aggregate consideration (if any) receivable for the TSBBG Ordinary Shares issued by way of rights, or for the securities (including, without limitation, shares in the capital of the Issuer, or options, warrants or other rights to subscribe for or purchase or acquire shares in the capital of the Issuer) issued by way of rights, or for the options or warrants or other rights issued or granted by way of rights and for the total number of TSBBG Ordinary Shares deliverable on the exercise thereof in each case as determined by the Issuer in good faith, would purchase at such Current Price per TSBBG Ordinary Share on the Ex-Date; and

**C** is the number of TSBBG Ordinary Shares to be issued or, as the case may be, the maximum number of TSBBG Ordinary Shares which may be issued upon exercise of such options, warrants or rights calculated as at the date of issue of such options, warrants or rights or upon conversion or exchange or exercise of rights of subscription or purchase or other rights of acquisition in respect thereof at the initial conversion, exchange, subscription, purchase or acquisition price or rate,

provided that if the TSBBG Ordinary Shares are then listed and if at the Ex-Date such number of TSBBG Ordinary Shares is to be determined by reference to the application of a formula or other variable feature or the occurrence of any event at some subsequent time, then for the purposes of this Condition 6(d)(iii), “C” shall be determined by the application of such formula or variable feature or as if the relevant event occurs or had occurred as at the Ex-Date and as if such conversion, exchange, subscription, purchase or acquisition had taken place on the Ex-Date.

Such adjustment shall become effective on the Ex-Date. For the purpose of any calculation of the consideration receivable or price pursuant to this Condition 6(d)(iii), the following provisions shall apply:

- (A) the aggregate consideration receivable or price for TSBBG Ordinary Shares issued for cash shall be the amount of such cash;
- (B) if the consideration or price determined pursuant to (A) above (or any component thereof) shall be expressed in a currency other than sterling it shall be converted into sterling at the Prevailing Rate on the relevant Ex- Date;
- (C) in determining the consideration or price pursuant to the above, no deduction shall be made for any commissions or fees (howsoever described) or any expenses paid or incurred for any underwriting, placing or management of the issue of the relevant TSBBG Ordinary Shares or for the rights, options, warrants or other rights to subscribe for or purchase TSBBG Ordinary Shares or otherwise in connection therewith;
- (D) the consideration or price shall be determined as provided in (A)-(C) above on the basis of the consideration or price received, receivable, paid or payable, regardless of whether all or part thereof is received, receivable, paid or payable by or to the Issuer or another entity; and

- (E) reference in these Conditions to “cash” shall be construed as cash consideration within the meaning of section 583(3) of the United Kingdom Companies Act 2006.
- (iv) Notwithstanding paragraphs (i) to (iii) above, and (v) below, no adjustment to the Conversion Price will be made:
  - (A) as a result of the creation of any new class of share in the Issuer, save as provided in (iii) above;
  - (B) as a result of the payment of any Cash Distribution;
  - (C) to the extent TSBBG Ordinary Shares or other securities (including rights, warrants or options in relation to TSBBG Ordinary Shares and other securities) are issued, offered, exercised, allotted, purchased, appropriated, modified or granted to, or for the benefit of, directors or employees or former directors or employees (including directors holding or formerly holding executive or non-executive office or the personal service company of any such person) or their spouses or relatives, in each case, of the Issuer or any of its subsidiaries or any associated company or to a trustee or trustees to be held for the benefit of any such person in any such case pursuant to any employee share or option scheme or pursuant to any dividend reinvestment plan or similar plan or scheme;
  - (D) if an increase in the Conversion Price would result from such adjustment, except in the case of a consolidation of TSBBG Ordinary Shares; or
  - (E) to such extent as would result in the Conversion Price being reduced below the nominal value of a TSBBG Ordinary Share (and, for the avoidance of doubt, in circumstances where this paragraph (E) prevents an adjustment being made in full, the Conversion Price will be adjusted so as to equal the nominal value of a TSBBG Ordinary Share),

and provided further that: (A) where the events or circumstances giving rise to any adjustment pursuant to this Condition 6(d) have already resulted or will result in an adjustment to the Conversion Price or where the events or circumstances giving rise to any adjustment arise by virtue of any other events or circumstances which have already given or will give rise to an adjustment to the Conversion Price or where more than one event which gives rise to an adjustment to the Conversion Price occurs within such a short period of time that, in the opinion of the Issuer, a modification to the operation of the adjustment provisions is required to give the intended result, such modification shall, subject to compliance with the then prevailing Regulatory Capital Requirements, be made to the operation of the adjustment provisions as may be determined in good faith by an Independent Adviser to be in its opinion appropriate to give the intended result; and (B) such modification shall, subject to compliance with the prevailing Regulatory Capital Requirements, be made to the operation of these Conditions as may be determined in good faith by an Independent Adviser to be in its opinion appropriate to ensure that an adjustment to the Conversion Price or the economic effect thereof shall not be taken into account more than once. The Issuer undertakes that it shall not take any action, and shall procure that no action is taken, that would (but for the operation of paragraph (E) above) result in an adjustment to the Conversion Price to below the nominal value of an TSBBG Ordinary Share. The issue of TSBBG Ordinary Shares following a Conversion, or upon any conversion or exchange in respect of any other securities or the exercise of any other options, warrants or other rights shall not result in an adjustment to the Conversion Price.

- (v) *Decision of an Independent Adviser*

If any doubt shall arise as to whether an adjustment is required to be made to the Conversion Price under (i) to (iii) above or as to the appropriate adjustment to the Conversion Price (including, without limitation, as to the determination of any effective date), and following consultation between the Issuer and an Independent Adviser, a written determination of such Independent Adviser in respect thereof shall be conclusive and binding on the Issuer, the Trustee and the Holders, save in the case of manifest error.

(vi) *Rounding down and notice of Adjustment to Conversion Price*

On any adjustment to the Conversion Price pursuant to this Condition 6(d), the resultant Conversion Price, if not an integral multiple of £0.001, shall be rounded down to the nearest integral multiple of £0.001. No adjustment shall be made to the Conversion Price where such adjustment (rounded down if applicable) would be less than 1 per cent. of the Conversion Price then in effect. Any adjustment not required to be made and/or any amount by which the Conversion Price has been rounded down, shall be carried forward and taken into account in any subsequent adjustment, and such subsequent adjustment shall be made on the basis that the adjustment not required to be made had been made at the relevant time and/or, as the case may be, that the relevant rounding down had not been made.

Notice of any adjustments to the Conversion Price shall be given by the Issuer to the Trustee and to the Holders in accordance with Condition 15 promptly after the determination thereof.

- (vii) None of the Agents nor the Trustee shall be under any duty to monitor whether any event or circumstance has happened or exists or may happen or exist and which requires or may require an adjustment to be made to the Conversion Price and will not be responsible or liable to any person for any loss arising from any failure by it to do so, nor shall the Agents or the Trustee be responsible or liable to any person for any determination of whether or not an adjustment to the Conversion Price is required or should be made nor as to the determination or calculation of any such adjustment.
- (viii) All determinations by an Independent Adviser pursuant to, or in respect of, these Conditions shall be deemed to be determinations made by an expert and not by a trustee or fiduciary for the Holders or any other person. No Independent Adviser shall be liable to the Issuer, the Trustee, the Holders or any other person in respect of any such determination made by it except in the case of the wilful default or fraud of the Independent Adviser.
- (ix) In any circumstances where these Conditions require a determination to be made by an Independent Adviser, the Issuer shall use all reasonable efforts to appoint such Independent Adviser for such purpose. If, notwithstanding such reasonable efforts, the Issuer has been unable to appoint an Independent Adviser at that time, the relevant determination shall instead be made by the Issuer acting in good faith. The Trustee shall be entitled to rely on any such determinations made by the Issuer as if such determinations had been made by an Independent Adviser and the Trustee shall suffer no liability for doing so.

(e) ***Qualifying Relevant Event***

- (i) If a Qualifying Relevant Event shall occur, the Capital Securities shall, where the Conversion Date (if any) falls on or after the New Conversion Condition Effective Date, be converted on such Conversion Date into Relevant Shares of the Approved Entity (save as provided below in this Condition 6(e) *mutatis mutandis* as provided in this Condition 6) at a Conversion Price that shall be the New Conversion Price.

Such conversion shall be effected by the delivery by the Issuer of such number of TSBGG Ordinary Shares as is determined in accordance with Condition 6(a) to, or to the order of, the Approved Entity. Such delivery shall irrevocably discharge and satisfy all of the Issuer's obligations under the Capital Securities (but shall be without prejudice to the rights of the Trustee and (in the circumstances described in Condition 9(d)) the Holders against the Approved Entity in connection with its undertaking to deliver Relevant Shares as provided in the definition of "New Conversion Condition" in Condition 6(e)(vi) below) and, for the avoidance of doubt, shall not discharge any liabilities owed to the Trustee or any provisions of the Trust Deed that are specified as surviving the termination of the Trust Deed. Such delivery shall be in consideration of the Approved Entity irrevocably undertaking, for the benefit of the Holders, to deliver the Relevant Shares to the Settlement Shares Depository as aforesaid.

- (ii) The New Conversion Price shall be subject to adjustment in the circumstances provided in Condition 6(d) (with such modifications and amendments as an Independent Adviser acting in good faith shall determine to be appropriate) and the Issuer shall give notice to the Holders (in accordance with Condition 15), the Trustee and the Agents of the New Conversion Price and of any such modifications and amendments.
- (iii) In the case of a Relevant Event where the Acquiror is an Approved Entity:
  - (A) the Issuer shall, without the need for consent of the Holders, enter into such agreements and arrangements, which may include deeds supplemental to the Trust Deed, and such amendments to the Trust Deed and these Conditions shall be made to ensure that, with effect from the New Conversion Condition Effective Date, the Capital Securities shall (following the occurrence of a Trigger Event) be convertible into, or exchangeable for, the Relevant Shares of the Approved Entity, *mutatis mutandis* in accordance with and subject to this Condition 6 (as may be so supplemented, amended or modified) at the New Conversion Price; and
  - (B) the Approved Entity shall, where the Conversion Date falls on or after the New Conversion Condition Effective Date, procure the issue and/or delivery of the relevant number of Relevant Shares in the manner provided in this Condition 6, as may be supplemented, amended or modified as provided above.

The Trustee shall be obliged (at the expense of the Issuer provided that the Trustee receives a certificate signed by an Authorised Signatory certifying that the effect of such amendments will be only to ensure that, with effect from the New Conversion Condition Effective Date, the Capital Securities shall (following the occurrence of a Trigger Event) be convertible into, or exchangeable for, the Relevant Shares of the Approved Entity, *mutatis mutandis* in accordance with and subject to this Condition 6 (as may be so supplemented, amended or modified) at the New Conversion Price) to concur with the Issuer in making any such amendments to the Trust Deed and these Conditions, and execute any such deeds supplemental to the Trust Deed, provided further that the Trustee shall not be bound to do so if any such amendments, modifications or deeds would, in the opinion of the Trustee, have the effect of (i) exposing the Trustee to any liability against which it is not indemnified and/or secured and/or pre-funded to its satisfaction, (ii) changing, increasing or adding to the obligations or duties of the Trustee or (iii) removing or amending any protection or indemnity afforded to, or any other provision in favour of, the Trustee under the Trust Deed, the Conditions and/or the Capital Securities.

- (iv) In the case of a Non-Qualifying Relevant Event, with effect from the occurrence of the Relevant Event and unless a Conversion Date shall have occurred prior to the date of such Relevant Event,

outstanding Capital Securities shall not be subject to Conversion at any time notwithstanding that a Trigger Event may occur subsequently but instead, upon the occurrence of a subsequent Trigger Event (if any) the full principal amount of each Capital Security will automatically be written down to zero, each Capital Security will be cancelled, all accrued but unpaid interest and any other amounts payable on each Capital Security will be cancelled (irrespective of whether such amounts have become due and payable prior to the occurrence of the Trigger Event) and the Holders will be automatically deemed to have irrevocably released their right to receive, and no longer have any rights against the Issuer with respect to, repayment of the aggregate principal amount of the Capital Securities or to any interest or other amount so cancelled.

- (v) Within 10 days following the occurrence of a Relevant Event, the Issuer shall give notice thereof to the Trustee and to the Holders (a “**Relevant Event Notice**”) in accordance with Condition 15. The Relevant Event Notice shall specify:
- (A) the identity of the Acquiror;
  - (B) whether the Relevant Event is a Qualifying Relevant Event or a Non-Qualifying Relevant Event;
  - (C) in the case of a Qualifying Relevant Event, the New Conversion Price.

If the Relevant Event is a Non-Qualifying Relevant Event, the Relevant Event Notice addressed to the Trustee shall be accompanied by a certificate signed by an Authorised Signatory certifying that a Non-Qualifying Relevant Event has occurred, in which event such certificate shall be treated and accepted by the Trustee and the Holders as correct, conclusive and sufficient evidence thereof. The Trustee shall rely without further investigation and without liability as aforesaid on any certificate delivered to it in connect with this Condition 6.

- (vi) As used in these Conditions:

“**Acquiror**” means the person which, following a Relevant Event, controls the Issuer;

the “**Acquiror Status Condition**” shall be satisfied if the Capital Securities will continue to be “hybrid capital instruments” for the purposes of Part 5 of the Corporation Tax Act 2009 (or benefit from equivalent treatment under any replacement tax rules relevant to the entitlement of the Issuer to claim a deduction in computing its tax liabilities in respect of any payments made under, or funding costs recognised in its accounts in respect of, the Capital Securities) once arrangements are in place for the issue of Relevant Shares by the Acquiror in the event of Conversion;

“**Approved Entity**” means a body corporate that is incorporated or established under the laws of an OECD member state and which, on the occurrence of the Relevant Event, has in issue Relevant Shares;

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

the “**New Conversion Condition**” shall be satisfied if by not later than seven days following the occurrence of a Relevant Event where the Acquiror is an Approved Entity (i) the Acquiror Status Condition has been satisfied and (ii) the Issuer shall have entered into arrangements to its satisfaction with the Approved Entity pursuant to which the Approved Entity irrevocably undertakes to the Trustee, for the benefit of the Holders, to deliver the Relevant Shares to the Settlement Shares Depositary for the Holders upon a Conversion of the Capital Securities, all as contemplated in Condition 6(e)(i);

“**New Conversion Condition Effective Date**” means the date with effect from which the New Conversion Condition shall have been satisfied;

“**New Conversion Price**” means the higher of (A) NCP determined by the Issuer in accordance with the following formula and (B) the nominal amount of one Relevant Share:

$$\text{NCP} = \text{ECP} \times (\text{VWAPRS}/\text{VWAPOS})$$

where:

NCP is the New Conversion Price (if not an integral multiple of £0.0001, rounded down to the nearest integral multiple of £0.0001);

ECP is the Conversion Price in effect on the Trading Day (if the TSBBG Ordinary Shares are listed at the relevant time) or Business Day (if the TSBBG Ordinary Shares are not listed at the relevant time) immediately prior to the New Conversion Condition Effective Date, provided that for the purpose of this definition only, if in accordance with Condition 6(d)(vi) any adjustment was not required to be made to the Conversion Price and/or the Conversion Price was rounded down in respect of an adjustment pursuant to Condition 6(d)(i), (ii), (iii) or (v), the Conversion Price in effect immediately prior to the New Conversion Condition Effective Date shall be the Conversion Price that would have been in effect at such time if such adjustment which was not made had actually been made at the relevant time and/or, as the case may be, if such rounding down had not been made;

VWAPRS means the average of the VWAP of the Relevant Shares (translated, if necessary, into pounds sterling at the Prevailing Rate on the relevant Trading Day) on each of the 10 Trading Days ending on the Trading Day prior to the date the Relevant Event shall have occurred (and where references in the definitions of “VWAP” and “Trading Day” to “TSBBG Ordinary Shares” shall be construed as a reference to the Relevant Shares); and

VWAPOS is the average of the VWAP of the TSBBG Ordinary Shares (translated, if necessary into pounds sterling at the Prevailing Rate on the relevant Trading Day) on each of the 10 Trading Days ending on the Trading Day prior to the date the Relevant Event shall have occurred;

“**Non-Qualifying Relevant Event**” means a Relevant Event that is not a Qualifying Relevant Event;

“**OECD**” means The Organisation for Economic Co-operation and Development;

“**Qualifying Relevant Event**” means a Relevant Event where: (A) the Acquiror is an Approved Entity; and (B) the New Conversion Condition is satisfied;

“**Regulated Market**” means an EEA Regulated Market or another regulated, regularly operating, Recognised Stock Exchange or securities market in the UK or another OECD member state;

a “**Relevant Event**” shall occur if any person or persons acting in concert (as defined in the Takeover Code of the United Kingdom Panel on Takeovers and Mergers), other than any such person who holds more than 50 per cent. of the issued TSBBG Ordinary Shares as at the Issue Date, acquires control of the Issuer on or following an IPO Event (other than as a result of a Newco Scheme). For the purposes of this definition of Relevant Event, “control” means, directly or indirectly:

- (I) the acquisition or holding of legal or beneficial ownership of more than 50 per cent. of the issued TSBBG Ordinary Shares; or



- (II) the right to appoint and/or remove all or the majority of the members of the board of directors of TSBBG, whether obtained directly or indirectly and whether obtained by ownership of share capital, contract or otherwise,

and “**controlled**” shall be construed accordingly; and

“**Relevant Shares**” means ordinary share capital of the Approved Entity that constitutes equity share capital or the equivalent (or depositary or other receipts representing the same) which is listed and admitted to trading on a Regulated Market.

**(f) Covenants**

Whilst any Capital Security remains outstanding, the Issuer shall (if and to the extent permitted by the Regulatory Capital Requirements and/or the Relevant Authority from time to time and only to the extent that such covenant would not cause a Capital Disqualification Event to occur) in the event of a Newco Scheme, save with the approval of an Extraordinary Resolution, take (or shall procure that there is taken) all necessary action to ensure that the Newco Scheme is an Exempt Newco Scheme and that immediately after completion of the Scheme of Arrangement such amendments are made to these Conditions and the Trust Deed as are necessary to ensure that the Capital Securities may be converted into or exchanged for ordinary shares or units or the equivalent in Newco *mutatis mutandis* in accordance with and subject to these Conditions and the Trust Deed. The Trustee shall (at the expense of the Issuer and provided that the Trustee receives a certificate signed by an Authorised Signatory certifying that the effect of such amendments will be only that the Capital Securities may be converted into or exchanged for ordinary shares or units or the equivalent in Newco *mutatis mutandis* in accordance with and subject to these Conditions and the Trust Deed) be bound to concur in effecting such amendments, **provided that** the Trustee shall not be bound to concur if to do so would, in the opinion of the Trustee (i) expose the Trustee to any liability against which it is not indemnified and/or secured and/or prefunded to its satisfaction, (ii) change, increase or add to the obligations or duties of the Trustee or (iii) remove or amend any protection or indemnity afforded to, or any other provisions in favour of, the Trustee under the Trust Deed, the Conditions and/or the Capital Securities.

**(g) Taxes etc.**

The Issuer shall not be liable for any taxes or capital, stamp, issue, registration or transfer taxes or duties arising on Conversion or that may arise or be paid as a consequence of the issue and delivery of TSBBG Ordinary Shares upon Conversion. A Holder must pay all (if any) taxes and capital, stamp, issue, registration and transfer taxes and duties arising for it on Conversion in connection with the issue and delivery of TSBBG Ordinary Shares to the Settlement Shares Depository on behalf of such Holder or to such Holder (as the case may be) and all (if any) taxes or capital, stamp, issue, registration and transfer taxes and duties arising for it as a consequence of any disposal or deemed disposal of its Capital Securities (or any interest therein) and/or the issue or delivery to it of any TSBBG Ordinary Shares (or any interest therein).

**(h) Delivery**

The TSBBG Ordinary Shares to be delivered on Conversion will be issued and delivered to the Settlement Shares Depository to be held on trust (or as otherwise provided in these Conditions) for the Holders on the Conversion Date.

Such TSBBG Ordinary Shares will be delivered to Holders:

- (i) prior to an IPO Event, in certificated form; and

- (ii) on or following an IPO Event, in uncertificated form through the dematerialised securities trading system operated by Euroclear UK & Ireland Limited, known as CREST, unless at the relevant time the TSBBG Ordinary Shares are not a participating security in CREST, in which case TSBBG Ordinary Shares will be delivered in certificated form or in such other manner as the Issuer shall in its sole discretion determine.

Where any TSBBG Ordinary Shares are to be delivered to Holders by the Settlement Shares Depository through CREST, they will be delivered to the account specified by the relevant Holder in the relevant Conversion Notice, on the relevant Settlement Date. Where any TSBBG Ordinary Shares are to be delivered to Holders in certificated form, a certificate in respect thereof will be dispatched by mail free of charge to the relevant Holder or as it may direct in the relevant Conversion Notice (in each case uninsured and at the risk of the relevant recipient) within 28 days following delivery of the relevant Conversion Notice.

The TSBBG Ordinary Shares will not be available for issue or delivery (i) to, or to a nominee for, Euroclear or Clearstream, Luxembourg or any other person providing a clearance service within the meaning of Section 96 of the Finance Act 1986 of the United Kingdom or (ii) to a person, or nominee or agent for a person, whose business is or includes issuing depository receipts within the meaning of Section 93 of the Finance Act 1986 of the United Kingdom, in each case at any time prior to the “abolition day” as defined in Section 111(1) of the Finance Act 1990 of the United Kingdom or (iii) to the CREST account of such a person described in (i) or (ii).

**(i) *TSBBG Ordinary Shares***

The TSBBG Ordinary Shares issued and delivered on Conversion will be fully paid and non-assessable and will, if at the relevant Settlement Date there exists a Shareholders’ Agreement, be subject to the terms of such Shareholders’ Agreement and will in all respects rank *pari passu* with the relevant fully paid TSBBG Ordinary Shares in issue on the Conversion Date (except in any such case as provided in Condition 6(b)(vii)) except for any right excluded by mandatory provisions of applicable law, and except that any TSBBG Ordinary Shares so issued and delivered will not rank for (or, as the case may be, the relevant Holder shall not be entitled to receive) any rights, distribution or payments the record date or other due date for the establishment of entitlement for which falls prior to the Conversion Date.

**(j) *Determinations to be final***

All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of this Condition 6 by the Issuer will (in the absence of manifest error) be binding on the Issuer, the Trustee, the Agents and all Holders and (in the absence of wilful default and bad faith) no liability to the Trustee or Holders shall attach to the Issuer in connection with the exercise or non-exercise by it of any of its powers, duties and discretions under this Condition.

**7 Redemption, Substitution, Variation and Purchase**

**(a) *No Fixed Redemption Date***

The Capital Securities are perpetual securities in respect of which there is no fixed redemption date and the Issuer shall only have the right to redeem or purchase them in accordance with the following provisions of this Condition 7.

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

Any redemption, substitution, variation or purchase of the Capital Securities in accordance with Condition 7(c), (d), (e), (f), (g) or (h) is subject, as applicable and in each case to the extent, and in the manner, required by the relevant Regulatory Capital Requirements, to the following requirements:

- (i) the Issuer has obtained prior Supervisory Permission therefor and such Supervisory Permission has not been revoked by the relevant date of such redemption, substitution, variation or purchase;
- (ii) in the case of any redemption or purchase of any Capital Securities, either: (A) the Issuer has (or will, on or before the relevant redemption or purchase date, have) replaced the Capital Securities with own funds instruments of equal or higher quality at terms that are sustainable for the income capacity of the Issuer; or, save in the case of Condition 7(b)(v)(A) below, or (B) the Issuer has demonstrated to the satisfaction of the Relevant Authority that the own funds and 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 Capital Securities prior to the fifth anniversary of the Reference Date upon the occurrence of 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 Capital Securities 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 Capital Securities was not reasonably foreseeable as at the Reference Date; and
- (v) in the case of any redemption or purchase of the Capital Securities prior to the fifth anniversary of the Reference Date pursuant to Condition 7(f) or Condition 7(h), either (A) the Issuer has (or will, on or before the relevant purchase date, have) replaced the Capital Securities 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 having permitted such action on the basis of the determination that it would be beneficial from a prudential point of view and justified by exceptional circumstances or (B) in the case of such a purchase pursuant to Condition 7(h) the relevant Capital Securities 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 (or, having given it, any revocation by the Relevant Authority of such Supervisory Permission) 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 repayment, substitution, variation or purchase only after compliance with one or more alternative or additional pre-conditions to those set out above in this Condition 7(b), the Issuer shall comply with such other and/or, as appropriate, additional pre-condition(s).

In addition, if the Issuer has elected to redeem, substitute or vary the terms of the Capital Securities, or if the Issuer (or any other person for the Issuer's account) has entered into an agreement to purchase any Capital Securities and:

- (A) (in the case of a redemption or purchase) the Solvency Condition is not satisfied in respect of the relevant payment on the date scheduled for redemption or purchase; or
- (B) prior to the redemption, purchase, substitution or variation of the Capital Securities, a Trigger Event occurs,

the relevant redemption, substitution or variation notice or, as the case may be, the relevant purchase agreement shall be automatically rescinded and shall be of no force and effect and the Issuer shall give notice thereof to the Holders in accordance with Condition 15, the Trustee, the Registrar and the Principal Paying Agent, as soon as practicable. Further, no notice of redemption, substitution or variation shall be given in the period following the occurrence of a Trigger Event (and any purported such notice shall be ineffective).

Prior to the publication of any notice of substitution, variation or redemption pursuant to this Condition 7 (other than redemption pursuant to Condition 7(c)), the Issuer shall deliver to the Trustee (i) a certificate signed by an Authorised Signatory stating that the relevant requirements or circumstances giving rise to the right to redeem, substitute or, as appropriate, vary is satisfied and, in the case of a substitution or variation, that the terms of the relevant Compliant Securities will, following such substitution or variation (as applicable) comply with the definition thereof in Condition 20 and (ii) in the case of a redemption pursuant to Condition 7(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 (a) to (e) (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 treat and accept (and it shall be so treated and accepted by the Holders) such certificate and, where applicable, opinion as sufficient evidence of the satisfaction of the relevant conditions precedent, which shall be conclusive and binding on the Trustee and the Holders.

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

Subject to Condition 7(b), the Issuer may, by giving not less than 30 nor more than 60 days' notice to the Holders in accordance with Condition 15, the Trustee, the Registrar and the Principal Paying Agent (which notice shall, save as provided in Condition 7(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 Capital Securities then outstanding on:

- (i) the First Reset Date; or
- (ii) any Interest Payment Date after the First Reset Date,

in each case at their principal amount, together with any accrued and unpaid interest thereon (excluding interest that has been cancelled in accordance with these Conditions) to (but excluding) the date fixed for redemption. Upon the expiry of such notice, the Issuer shall, subject to Condition 7(b), redeem the Capital Securities.

**(d) *Redemption Due to Tax Event***

If, prior to the giving of the notice referred to below in this Condition 7(d), a Tax Event has occurred, then the Issuer may, subject to Condition 7(b) and having given not less than 30 nor more than 60 days'

notice to the Holders in accordance with Condition 15, the Trustee, the Registrar and the Principal Paying Agent (which notice shall, save as provided in Condition 7(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 Capital Securities at their principal amount, together with any accrued and unpaid interest thereon (not including, for the avoidance of doubt, interest that has been cancelled in accordance with these Conditions) to (but excluding) the date fixed for redemption. Upon the expiry of such notice, the Issuer shall, subject to Condition 7(b), redeem the Capital Securities.

**(e) *Redemption Due to Capital Disqualification Event***

If, prior to the giving of the notice referred to below in this Condition 7(e), a Capital Disqualification Event has occurred, then the Issuer may, subject to Condition 7(b) and having given not less than 30 nor more than 60 days' notice to the Holders in accordance with Condition 15, the Trustee, the Registrar and the Principal Paying Agent (which notice shall, save as provided in Condition 7(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 Capital Securities at their principal amount, together with any accrued and unpaid interest thereon (excluding interest that has been cancelled in accordance with these Conditions) to (but excluding) the date fixed for redemption. Upon the expiry of such notice, the Issuer shall, subject to Condition 7(b), redeem the Capital Securities.

**(f) *Issuer's Clean-up Call Option***

If, prior to the giving of the notice referred to below in this Condition 7(f), 75 per cent. or more of the aggregate principal amount of the Capital Securities originally issued (and, for these purposes, any Further Capital Securities issued pursuant to Condition 16 will 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 7(b), by giving not less than 30 nor more than 60 days' notice to the Holders in accordance with Condition 15, the Trustee, the Registrar and the Principal Paying Agent (which notice shall, save as provided in Condition 7(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 Capital Securities at their principal amount, together with any accrued and unpaid interest thereon (excluding interest that has been cancelled in accordance with these Conditions) to (but excluding) the date fixed for redemption. Upon the expiry of such notice, the Issuer shall, subject to Condition 7(b), redeem the Capital Securities.

**(g) *Substitution or Variation***

If a Tax Event or a Capital Disqualification Event has occurred, then the Issuer may, subject to Condition 7(b) and having given not less than 30 nor more than 60 days' notice to the Holders in accordance with Condition 15, the Trustee, the Registrar and the Principal Paying Agent (which notice shall, save as provided in Condition 7(b), be irrevocable and shall specify the date fixed for substitution or, as the case may be, variation of the Capital Securities) but without any requirement for the consent or approval of the Holders, at any time (whether before or following the First Reset Date) either substitute all (but not some only) of the Capital Securities for, or vary the terms of the Capital Securities so that they remain or, as appropriate, become, Compliant Securities, and the Trustee shall (subject to the following provisions of this Condition 7(g) and subject to the receipt by it of the certificates of the Authorised Signatories referred to in Condition 7(b) above and in the definition of Compliant Securities) agree to such substitution or variation. Upon the expiry of such notice, the Issuer shall, subject to Condition 7(b), either vary the terms of or substitute the Capital Securities in accordance with this Condition 7(g), as the case may be.

The Trustee shall be obliged to (at the expense of the Issuer provided that the Trustee receives a certificate signed by an Authorised Signatory certifying that the effect of such substitution or variation is so that the Capital Securities remain, or as appropriate, become, Compliant Securities) agree to any substitution of the Capital Securities for, or the variation of the terms of the Capital Securities so that they remain, or as appropriate, become, Compliant Securities, provided that the Trustee shall not be bound to do so if such substitution or variation would have the effect of (i) exposing the Trustee to any liability against which it is not indemnified and/or secured and/or pre-funded to its satisfaction, (ii) changing, increasing or adding to the obligations or duties of the Trustee or (iii) removing or amending any protection or indemnity afforded to, or any other provision in favour of, the Trustee under the Trust Deed, the Conditions and/or the Capital Securities.

If the Issuer does not vary the terms of or substitute the Capital Securities in accordance with this Condition 7(g), the Issuer may, subject as provided above, redeem the Capital Securities as provided in, as appropriate, Condition 7(c), 7(d), (e) or (f).

In connection with any substitution or variation in accordance with this Condition 7(g), the Issuer shall comply with the rules of any stock exchange on which the Capital Securities are for the time being listed or admitted to trading.

**(h) Purchases**

The Issuer may, subject to Condition 7(b), in those 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, Capital Securities in any manner and at any price. The Capital Securities 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 Holders and shall not be deemed to be outstanding for the purposes of calculating quorums at meetings of the Holders or for the purposes of Condition 9(c).

**(i) Cancellation**

All Capital Securities redeemed or substituted by the Issuer pursuant to this Condition 7 will forthwith be cancelled. All Capital Securities purchased by or on behalf of the Issuer may, subject to obtaining any Supervisory Permission therefor (and such Supervisory Permission not having been revoked), be held, reissued, resold or, at the option of the Issuer, surrendered for cancellation to the Registrar. Capital Securities so surrendered shall be cancelled forthwith. Any Capital Securities so surrendered for cancellation may not be reissued or resold and the obligations of the Issuer in respect of any such Capital Securities shall be permanently and irrevocably discharged.

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

The Trustee shall not be under any duty to monitor whether any event or circumstance has happened or exists within this Condition 7 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 7, it shall be entitled, without liability, to assume that no such event or circumstance exists.

## **8 Payments**

**(a) Method of Payment**

- (i) Payments of principal shall be made in Pound sterling (subject to surrender of the relevant Certificates at the specified office of any Transfer Agent or of the Registrar if no further payment

falls to be made in respect of the Capital Securities represented by such Certificates) in like manner as is provided for payments of interest in paragraph (ii) below.

- (ii) Interest on each Capital Security 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 Capital Security shall be made in pounds sterling by transfer to an account in the relevant currency maintained by the payee with a bank in London.

**(b) Payments Subject to Laws**

Save as provided in Condition 10, 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 its 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) Delay in Payment**

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

**(d) Non-Business Days**

If any date for payment in respect of any Capital Security 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 8, “**business day**” means a day (other than a Saturday or a Sunday) on which banks and foreign exchange markets are open for business in the place in which the specified office of the Registrar is located and where payment is to be made by transfer to an account maintained with a bank in pounds sterling, on which foreign exchange transactions may be carried on in pounds sterling in London.

**9 Non-Payment When Due and Winding-Up**

**(a) Non-Payment**

If the Issuer shall not make payment in respect of the Capital Securities for a period of seven days or more after the date on which such payment is (without prejudice to Condition 3(b), Condition 5 and Condition 6(a)(i)) due, the Issuer shall be deemed to be in default (a “**Default**”) under the Trust Deed and the Capital Securities and the Trustee, in its discretion, may, or (subject to Condition 9(c)) if so requested by an Extraordinary Resolution of the Holders or in writing by the Holders of at least one-quarter in principal amount of the Capital Securities then outstanding shall, notwithstanding the provisions of Condition 9(b), institute proceedings for the winding-up of the Issuer.

For the avoidance of doubt, no amounts shall be due in respect of the Capital Securities if payment of the same shall have been cancelled in accordance with Condition 3(b), Condition 5 and/or Condition 6(a)(i), and accordingly non-payment of such amounts shall not constitute a Default.

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 9(c)) if so requested by an Extraordinary Resolution or in writing by the Holders of at least one-quarter in principal amount of the Capital Securities then outstanding shall, prove and/or claim in such Winding-Up, such claim being as contemplated in Condition 3(c).

**(b) Enforcement**

Without prejudice to Condition 9(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 (including, without limitation, proceedings, actions or steps to enforce obligations of the Issuer in connection with a Conversion) under the Trust Deed or the Capital Securities (other than any payment obligation of the Issuer under or arising from the Capital Securities or the Trust Deed, including, without limitation, payment of any principal or interest in respect of the Capital Securities, including any damages awarded for breach of any obligations), 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 9(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 Capital Securities or the Trust Deed (including any damages awarded for breach of any obligations) in the circumstances provided in, as appropriate, Conditions 3(c) and 9(a).

**(c) Entitlement of Trustee**

The Trustee shall not be bound to take any of the actions referred to in Condition 9(a) or (b) above against the Issuer to enforce the terms of the Trust Deed or the Capital Securities unless (i) it shall have been so requested by an Extraordinary Resolution of the Holders or in writing by the holders of at least one-quarter in Principal Amount of the Capital Securities then outstanding and (ii) it shall have been indemnified and/or secured and/or pre-funded 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 reasonable period and such failure or inability shall be continuing, in which case the Holder shall, with respect to the Capital Securities held by it, have only such rights against the Issuer as those which the Trustee is entitled to exercise in respect of such Capital Securities as set out in this Condition 9.

**(e) Extent of Holders' and Trustee Remedies**

No remedy against the Issuer, other than as referred to in this Condition 9, shall be available to the Trustee or the Holders, whether for the recovery of amounts owing in respect of the Capital Securities 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 Capital Securities or under the Trust Deed. The provisions of this Condition 9 shall not, however, apply to any amount due and payable to the Trustee under the Trust Deed for its own account.

**10 Taxation**

All payments of principal, interest and any other amounts by or on behalf of the Issuer in respect of the Capital Securities shall (subject always to Condition 3(b), Condition 5, Condition 6(a)(i) and Condition 7(b)) 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 (subject as aforesaid) pay such additional amounts as will result in receipt by the Holders of such amounts as would have been received by



them in respect of payments of interest had no such withholding or deduction been required (“**Additional Amounts**”), except that no such Additional Amounts shall be payable in respect of any Capital Security:

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

References in these Conditions (including, without limitation, for the purposes of cancellation pursuant to Condition 3(b), Condition 5 and Condition 6(a)(i)) to interest shall be deemed to include any Additional Amounts which may be payable under this Condition 10 or any undertaking given in addition thereto or in substitution therefor pursuant to the Trust Deed.

Notwithstanding any other provisions of these Conditions, any amounts to be paid on the Capital Securities by or on behalf of the Issuer shall be made 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 any 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.

## **11 Prescription**

Claims against the Issuer for payment in respect of the Capital Securities 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.

## **12 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 a conference call or videoconference) 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 by Holders holding not less than 10 per cent. in principal amount of the Capital Securities for the time being outstanding.

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 Capital Securities for the time being outstanding, or at any adjourned meeting one or more persons being or representing Holders whatever the principal amount of the Capital Securities 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 Condition 3, the terms concerning currency and due dates for payment of principal or interest payments in respect of the Capital Securities and reducing or cancelling the principal amount of, or interest on, any Capital Securities, or the Interest Rate 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 75 per cent., or at any adjourned such meeting not less than 25 per cent., in principal amount of the Capital Securities for the time being outstanding.

The agreement or approval of the Holders shall not be required in the case of cancellation of interest in accordance with Condition 5 or 6(a)(i), the resetting of the Interest Rate on each Reset Date in accordance with Condition 4(d), the operation of the provisions of Condition 4(i) (including, without limitation, the implementation of any Benchmark Amendments), any variation of these Conditions and/or the Trust Deed or any substitution of the Capital Securities made in the circumstances described in Condition 7(g).

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 Capital Securities for the time being outstanding or (iii) if applicable, consent given by way of electronic consents through the relevant clearing system(s) (in a form satisfactory to the Trustee) by or on behalf of the Holders of not less than 75 per cent. in principal amount of the Capital Securities 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.

Further, the Trustee shall agree, without the consent of the Holders, to any Benchmark Amendments in accordance with Condition 4(i), provided it receives a certificate signed by two Authorised Signatories of the Issuer certifying that each change which the Issuer requires the Trustee to make pursuant to Condition 4(i) is a Benchmark Amendment and that the effect of the required drafting of such change is solely to implement a Benchmark Amendment, consent to any Benchmark Amendment, irrespective of the effect thereof on affected Holders and without any liability thereto provided further, however, that the Trustee shall not be obliged to agree to any Benchmark Amendment which, in its sole opinion, would have the effect of (i) exposing the Trustee to any liability in respect of which it has not been indemnified and/or secured and/or pre-funded to its satisfaction or (ii) increasing the obligations or duties, or decreasing the rights or protections of the Trustee in the Trust Deed, the Agency Agreement and/or these

Conditions (as applicable) or any modifications pursuant to Conditions 6(e)(iii), 6(f) and 7(g), subject to the terms thereof and receiving the certificate of an Authorised Signatory as described therein.

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 and such Supervisory Permission has not been revoked by the relevant date of such modification.

**(c) *Substitution***

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, subject to the Trustee being satisfied that the interests of the Holders will not be materially prejudiced thereby but without the consent of the Holders, to the substitution on a subordinated basis equivalent to that referred to in Condition 3 of certain other entities (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 Capital Securities.

**(d) *Entitlement of the Trustee***

In connection with the exercise of its functions (including but not limited to, any modification, waiver, authorisation, determination or substitution) the Trustee shall have regard to the interests of the Holders as a class and shall not have regard to the consequences of such exercise for individual Holders and the Trustee shall not be entitled to require, nor shall any Holder be entitled to claim, from the Issuer any indemnification or payment in respect of any tax consequence of any such exercise upon individual Holders.

**(e) *Notices***

Any such modification, waiver, authorisation, determination or substitution shall be binding on all Holders and, unless the Trustee agrees otherwise, any such modification, waiver or substitution shall be notified to the Holders in accordance with Condition 15 as soon as practicable thereafter.

**13 Replacement of the Capital Securities**

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 such other Transfer Agent as may from time to time be designated by the Issuer for that purpose and notice of whose designation is given to Holders, 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.

**14 Rights of the Trustee**

The Trust Deed contains provisions for the indemnification of, and/or the provision of security for, and/or pre-funding of, 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.

Condition 3 applies only to amounts payable in respect of the Capital Securities and nothing in Conditions 3, 6 or 9 shall affect or prejudice the payment of the costs, charges, expenses, liabilities or remuneration of the Trustee or the rights and remedies of the Trustee in respect thereof.

The Trustee shall have no responsibility for, or liability or obligations in respect of, any loss, claim or demand incurred as a result of or in connection with any non-payment of interest, principal or other amounts by reason of Conditions 3, 5 or 6. Furthermore, the Trustee shall not be responsible for any calculation or the verification of any calculation in connection with any of the foregoing.

## 15 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 second 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 Capital Securities are for the time being listed and/or admitted to trading.

## 16 Further Issues

The Issuer may from time to time without the consent of the Holders, but subject to it obtaining any Supervisory Permission required therefor (and such Supervisory Permission not having been revoked at the relevant date of such creation and issue), create and issue further securities having the same terms and conditions as the Capital Securities 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 securities of any series (including the Capital Securities) (“**Further Capital Securities**”). References in these Conditions to the Capital Securities include (unless the context requires otherwise) any Further Capital Securities issued pursuant to this Condition 16. Any Further Capital Securities shall be constituted by a deed supplemental to the Trust Deed. The Trust Deed contains provisions for convening a single meeting of the Holders and the holders of securities of other series where the Trustee so decides.

## 17 Agents

The initial Principal Paying Agent, the Registrar, the Agent Bank and the Transfer Agents and their initial specified offices are listed below. They act solely as agents of the Issuer and do not assume any obligation towards or relationship of agency or trust for or with any Holder. The Issuer reserves the right, subject to the approval of the Trustee, at any time to vary or terminate the appointment of the Principal Paying Agent, the Registrar, the Agent Bank and the Transfer Agents and to appoint replacement agents as additional or other Transfer Agents, provided that it will:

- (a) at all times maintain a Principal Paying Agent, a Registrar and a Transfer Agent; and
- (b) whenever a function expressed in these Conditions to be performed by the Agent Bank falls to be performed, appoint and (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 by the Issuer to the Holders in accordance with Condition 15. 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, the Principal Paying Agent or any such independent financial institution in relation to the Capital Securities shall (save in the case of manifest error) be final and binding on the Issuer, the Trustee, the Agent Bank, the Registrar, the Principal Paying Agent and the Holders.

## **18 Governing Law and Jurisdiction**

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

The Trust Deed, the Capital Securities 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 Capital Securities and accordingly any legal action or proceedings arising out of or in connection with the Trust Deed or any Capital Securities (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.

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

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

## **20 Definitions**

In these Conditions:

“**Acquiror**” has the meaning given to it in Condition 6(e)(vi);

“**Acquiror Status Condition**” has the meaning given to it in Condition 6(e)(vi);

“**Additional Amounts**” has the meaning given to it in Condition 10;

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

“**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 Principal Paying Agent, the Agent Bank, the Registrar, the Transfer Agents and any other agent or agents appointed from time to time with respect to the Capital Securities;

“**Approved Entity**” has the meaning given to it in Condition 6(e)(vi);

“**Assets**” means the unconsolidated gross assets of the Issuer, as shown in the latest published audited balance sheet of the Issuer, but adjusted for subsequent events in such manner as the directors of the Issuer may determine;

“**Authorised Signatory**” means any person duly authorised for such purposes by the Board of Directors of the Issuer;

“**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 £200,000 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 Capital Securities 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 Capital Securities being excluded from the Additional Tier 1 Capital of the Issuer Group;

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

“**Cash Distribution**” means any dividend or distribution in respect of the TSBBG Ordinary Shares which is to be paid or made to Shareholders as a class in cash (whatever the currency) and however described and whether payable out of share premium account, profits, retained earnings or any other capital or revenue reserve or account, and including a distribution or payment to Shareholders upon or in connection with a reduction of capital;

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

“**CET1 Capital**”, at any time, means the sum, expressed in pounds sterling, of all amounts that constitute Common Equity Tier 1 Capital at such time of the Issuer Group less any deductions therefrom required to be made at such time, as calculated on a consolidated basis in accordance with the Regulatory Capital Requirements at such time but without applying any transitional provisions under the Regulatory Capital Requirements which are applicable at such time (unless such transitional provisions are permitted to be applied for these purposes under such Regulatory Capital Requirements), which calculation shall be binding on the Trustee and the Holders;

“**CET1 Ratio**” means, at any time, the ratio of the aggregate amount of the CET1 Capital at such time to the Risk Weighted Assets at such time and expressed as a percentage (the “**CET1 Ratio of the Issuer Group**”);

“**Common Equity Tier 1 Capital**” means common equity tier 1 capital as contemplated by the Regulatory Capital Requirements then applicable, or an equivalent or successor term;

“**Compliant Securities**” means securities issued directly by the Issuer that:

- (a) have terms which are not materially less favourable to an investor than the terms of the Capital Securities (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) of two Authorised Signatories shall have been delivered to the Trustee (upon which the Trustee shall 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 (i) contain terms which comply with the then current requirements of the Relevant Authority in relation to Additional Tier 1 Capital; (ii) have the same principal amount as the principal amount of the Capital Securities and provide for the same Interest Rate and Interest Payment Dates from time to time applying to the Capital Securities; (iii) rank *pari passu* with the Capital Securities; and (iv) preserve any existing rights under these Conditions to any accrued interest or other amounts which have not been either paid or cancelled (but subject always to the right of the Issuer subsequently to cancel such accrued and unpaid interest in accordance with the terms of the securities);
- (b) are (i) listed on the ISM; (ii) admitted to trading on such other multilateral trading facility as is operated by a Regulated Recognised Stock Exchange; or (iii) listed on a stock exchange that is a Recognised Stock Exchange, in each case at that time as selected by the Issuer; and
- (c) where the Capital Securities which have been substituted or varied had a published rating from a Rating Agency immediately prior to their substitution or variation and such rating was solicited by or on behalf

of the Issuer, each such Rating Agency has ascribed, or announced its intention to ascribe, an equal or higher published rating to the relevant Compliant Securities;

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

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

“**Conversion Date**” means the date specified as such in the Trigger Event Notice and, in accordance with Condition 6(a), in any event no later than one month (or such shorter period as the Relevant Authority may then require) from the occurrence of the relevant Trigger Event;

“**Conversion Notice**” means a notice in the form for the time being currently available from the specified office of the Issuer and which is required to be delivered to the Settlement Shares Depository (or its agent(s) designated for the purpose in the Trigger Event Notice) in connection with a Conversion of the Capital Securities and which may contain a representation that the relevant Holder is entitled to take delivery of the TSBBG Ordinary Shares in the manner contemplated in these Conditions and has obtained all (if any) consents needed in order to do so;

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

“**Current Price**” means, in respect of a TSBBG Ordinary Share as at any date:

- (i) in the case of TSBBG Ordinary Shares which are listed, the average daily VWAP of such a TSBBG Ordinary Share on each of the 5 consecutive Trading Days ending on the Trading Day immediately preceding such date; and
- (ii) otherwise, the fair value of the TSBBG Ordinary Share at close of business on the Business Day immediately preceding such date, as determined by the Issuer following consultation with an Independent Adviser, acting in good faith;

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

“**Distributable Items**” means, subject as otherwise defined from time to time in the Regulatory Capital Requirements, in relation to interest otherwise scheduled to be paid on a date, the amount of the profits of the Issuer at the end of the last Financial Year immediately preceding such date plus any profits brought forward and reserves available for that purpose before distributions by the Issuer to holders of Parity Securities, the Capital Securities or any Junior Securities less any losses brought forward, any profits which are non-distributable pursuant to applicable national law or the Issuer’s articles of association and any sums placed in non-distributable reserves in accordance with the Companies Act 2006 or the articles of association of the Issuer, in each case with respect to the specific category of own funds instruments to which national law or the Issuer’s articles of association relate; such profits, losses and reserves being determined on the basis of the individual accounts of the Issuer and not on the basis of its consolidated accounts;

“**EEA Regulated Market**” has the meaning given to it in Condition 6(e)(vi);

“**Ex-Date**” has the meaning given to it in Condition 6(d)(iii);

“**Exempt Newco Scheme**” means a Newco Scheme where:

- (i) in respect of a Newco Scheme undertaken on or following an IPO Event, immediately after completion of the relevant Scheme of Arrangement; or
- (ii) in respect of a Newco Scheme undertaken prior to an IPO Event, within the three months following completion of the relevant Scheme of Arrangement,

the ordinary shares or units or equivalent of Newco (or depository or other receipts or certificates representing ordinary shares or units or equivalent of Newco) are (i) admitted to trading on the Official List of the UK

Financial Conduct Authority or a Recognised Stock Exchange or (ii) admitted to trading on such other regulated market as the Issuer or Newco may determine;

“**Extraordinary Resolution**” means a resolution passed (a) at a meeting duly convened and held in accordance with the Trust Deed by a majority of at least 75 per cent. of the votes cast, (b) by a Written Resolution (as defined in the Trust Deed) or (c) by an Electronic Consent (as defined in the Trust Deed);

“**Financial Year**” means the financial year of the Issuer (being the one-year period in respect of which it prepares annual audited financial statements) from time to time, which as at the Issue Date runs from (and including) 1 January in one calendar year to (but excluding) the same date in the immediately following calendar year;

“**First Reset Date**” means 26 March 2030;

“**Further Capital Securities**” has the meaning given to it in Condition 16;

“**Independent Adviser**” means any independent investment bank or independent adviser of international standing appointed by the Issuer at its own expense from time to time for the purposes of carrying out the duties described in one or more of these Conditions and in performing such role such entity shall have regard to the interests of the Issuer and the Holders alike;

“**Initial Fixed Interest Rate**” has the meaning given to it in Condition 4(c);

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

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

“**Interest Payment Date**” means:

- (i) 26 March and 26 September in each year, in the period starting on (and including) 26 March 2025 and ending on (and including) the First Reset Date; and
- (ii) 26 December, 26 March, 26 June and 26 September in each year, starting on 26 June 2030;

“**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;

“**IPO Event**” means the first admission to trading and listing of the TSBBG Ordinary Shares after the Issue Date on the Official List of the UK Financial Conduct Authority or on any Recognised Stock Exchange. The IPO Event shall be treated as occurring on the day on which trading in such TSBBG Ordinary Shares begins on an unconditional basis;

“**ISM**” means the International Securities Market of the London Stock Exchange plc;

“**Issue Date**” means 5 December 2024, being the date of the initial issue of the Capital Securities;

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

“**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;



“**Junior Securities**” means (i) any ordinary share or other securities of the Issuer ranking, or expressed to rank, junior to the Capital Securities in a Winding-Up and/or (ii) any securities issued by any other member of the Issuer Group where the terms of such securities benefit from a guarantee or support agreement entered into by the Issuer which ranks, or is expressed to rank, junior to the Capital Securities in a Winding-Up;

“**Liabilities**” means the unconsolidated gross liabilities of the Issuer, as shown in the latest published audited balance sheet of the Issuer, but adjusted for contingent and prospective liabilities and for subsequent events in such manner as the directors of the Issuer may determine;

“**Long-Stop Date**” means the date on which any Capital Securities in relation to which no duly completed Conversion Notice has been received by the Settlement Shares Depository (or its designated agent(s)) shall be cancelled, which date is expected to be no more than 60 Business Days following the Conversion Date and which will be notified to Holders in the Trigger Event Notice;

“**Margin**” means 5.04 per cent.;

“**Maximum Distributable Amount**” means any applicable maximum distributable amount relating to the Issuer or the Issuer Group required to be calculated in accordance with any applicable provisions of the Regulatory Capital Requirements which require a maximum distributable amount to be calculated if the Issuer Group is failing to meet any applicable requirement or any buffers relating to such requirement;

“**New Conversion Condition**” has the meaning given to it in Condition 6(e)(vi);

“**New Conversion Condition Effective Date**” has the meaning given to it in Condition 6(e)(vi);

“**New Conversion Price**” has the meaning given to it in Condition 6(e)(vi);

“**Newco Scheme**” means a scheme of arrangement or analogous proceeding (“**Scheme of Arrangement**”) which effects the interposition of a limited liability company (“**Newco**”) between the Shareholders of the Issuer immediately prior to the Scheme of Arrangement (the “**Existing Shareholders**”) and the Issuer; provided that: (i) only ordinary shares or units or equivalent of Newco or depositary or other receipts or certificates representing ordinary shares or units or equivalent of Newco are issued to Existing Shareholders; (ii) immediately after completion of the Scheme of Arrangement the only holders of ordinary shares, units or equivalent of Newco or, as the case may be, the only holders of depositary or other receipts or certificates representing ordinary shares or units or equivalent of Newco, are Existing Shareholders holding in the same proportions as immediately prior to completion of the Scheme of Arrangement; (iii) immediately after completion of the Scheme of Arrangement, Newco is (or one or more wholly-owned Subsidiaries of Newco are) the only shareholder of the Issuer; (iv) all Subsidiaries of the Issuer immediately prior to the Scheme of Arrangement (other than Newco, if Newco is then a Subsidiary of the Issuer) are Subsidiaries of the Issuer (or of Newco) immediately after completion of the Scheme of Arrangement; and (v) immediately after completion of the Scheme of Arrangement the Issuer (or Newco) holds, directly or indirectly, the same percentage of the ordinary share capital and equity share capital of those Subsidiaries as was held by the Issuer immediately prior to the Scheme of Arrangement;

“**Non-Qualifying Relevant Event**” has the meaning given to it in Condition 6(e)(vi);

“**OECD**” has the meaning given to it in Condition 6(e)(vi);

“**own funds instruments**” has the meaning given to it in the Regulatory Capital Requirements;

“**Parity Securities**” means (i) the most senior ranking class or classes of preference shares in the capital of the Issuer from time to time and any other securities of the Issuer ranking, or expressed to rank, *pari passu* with the Capital Securities and/or such preference shares following a Winding-Up and/or (ii) any securities issued by any other member of the Issuer Group where the terms of the securities benefit from a guarantee or support

agreement entered into by the Issuer which ranks or is expressed to rank *pari passu* with the Capital Securities and/or such preference shares following a Winding-Up;

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

“**PRA Rulebook**” means the applicable rules made and/or enforced by the Prudential Regulation Authority under powers conferred by the Financial Services and Markets Act 2000, as amended or replaced from time to time;

“**Prevailing Rate**” means, in respect of any currencies on any day, the spot rate of exchange between the relevant currencies prevailing as at or about 12 noon (London time) on that date as appearing on or derived from the relevant page on Bloomberg (or such other information service provider that displays the relevant information) or, if such a rate cannot be determined at such time, the rate prevailing as at or about 12 noon (London time) on the immediately preceding day on which such rate can be so determined or, if such rate cannot be so determined by reference to the relevant page on Bloomberg (or such other information service provider that displays the relevant information), the rate determined in such other manner as an Independent Adviser shall in good faith prescribe;

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

“**Qualifying Relevant Event**” has the meaning given to it in Condition 6(e)(vi);

“**Rating Agency**” means Moody’s Investors Service Ltd. or Standard & Poor’s Ratings Services, a division of the McGraw-Hill Companies, Inc. or Fitch Ratings Ltd. and/or their respective successors and affiliates;

“**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 8(a);

“**Reference Date**” means the later of (i) the Issue Date and (ii) the latest date (if any) on which any Further Capital Securities have been issued pursuant to Condition 16;

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

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

“**Regulated Market**” has the meaning given to it in Condition 6(e)(vi);

“**Regulated Recognised Stock Exchange**” means a Recognised Stock Exchange that is regulated in the United Kingdom, the European Economic Area or Gibraltar;

“**Regulatory Capital Requirements**” means, at any time, any requirement or provision contained in the laws, 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 the Issuer Group;

“**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 and/or resolution matters concerning the Issuer and 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 Holders that, upon further surrender of the Certificate representing such Capital Security 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 Event**” has the meaning given to it in Condition 6(e)(vi);

“**Relevant Event Notice**” has the meaning given to it in Condition 6(e)(v);

“**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 by reason of having its tax residence or a permanent establishment maintained therein in respect of payments made by it of principal and/or interest on the Capital Securities;

“**Relevant Shares**” has the meaning given to it in Condition 6(e)(vi);

“**Reset Date**” means the First Reset Date and each fifth anniversary of the First Reset Date thereafter;

“**Reset Determination Date**” means, in respect of a Reset Period, the first day of such Reset Period unless such day is not a Business Day, in which case it shall mean the immediately preceding Business Day;

“**Reset Period**” means the period from and including the First Reset Date to but excluding the next Reset Date, and each successive period from and including a Reset Date to but excluding the next succeeding Reset Date;

“**Reset Rate of Interest**” has the meaning given to it in Condition 4(d);

“**Reset Reference Banks**” means five leading swap dealers in the sterling interbank market selected by the Issuer;

“**Reset Reference Rate**” means in respect of a Reset Period, subject to Condition 4(i), (i) the applicable annual mid-swap rate for swap transactions in pounds sterling (with a maturity equal to five years) where the floating leg pays daily compounded SONIA annually, as displayed on the Screen Page at 11.15 a.m. (London time) on the relevant Reset Determination Date or (ii) if such rate is not displayed on the Screen Page at such time and date, the Reset Reference Bank Rate on the relevant Reset Determination Date, where:

“**Mid-Swap Quotations**” means the arithmetic mean of the bid and offered rates for the annual fixed leg (calculated on an Actual/365 (Fixed) day count basis) of a fixed for floating interest rate swap transaction in pounds sterling which (i) has a term of five years commencing on the relevant Reset Date, (ii) is in an amount that is representative of a single transaction in the relevant market at the relevant time with an acknowledged dealer of good credit in the relevant swap market and (iii) has a floating leg based on the overnight SONIA rate compounded for 12 months (calculated on an Actual/365 (Fixed) day count basis);

“**Reset Reference Bank Rate**” means the percentage rate determined by the Agent Bank on the basis of the Mid-Swap Quotations provided by the Reset Reference Banks to the Issuer (and then provided by the Issuer to the Agent Bank) as soon as reasonably practicable after 11.15 a.m. (London time) on the relevant Reset Determination Date and rounded, if necessary, to the nearest 0.001 per cent. (0.0005 per cent. being rounded upwards). If at least four quotations are provided, the Reset Reference Bank Rate will be the rounded arithmetic mean of the quotations provided, eliminating the highest quotation (or, in the event of equality, one of the highest) and the lowest quotation (or, in the event of equality, one of the lowest). If only two or three quotations are provided, the Reset Reference Bank Rate will be the rounded arithmetic mean of the quotations provided.

If only one quotation is provided, the Reset Reference Bank Rate will be the rounded quotation provided. If no quotations are provided, the Reset Reference Bank Rate will be (i) in the case of any Reset Period other than the Reset Period commencing on the First Reset Date, the Reset Reference Rate in respect of the immediately preceding Reset Period or (ii) in the case of the Reset Period commencing on the First Reset Date, 3.710 per cent.; and

“**Screen Page**” means Bloomberg screen page “BPISDS05 Index”, or such other screen page as may replace it on Bloomberg or, as the case may be, on such other information service that may replace Bloomberg, in each case, as may be nominated by the person providing or sponsoring the information appearing there for the purpose of displaying comparable rates.

“**Risk Weighted Assets**” means, at any time, the aggregate amount, expressed in pounds sterling, of the total risk exposure amount of the Issuer Group at such time, as calculated on a consolidated basis in accordance with the Regulatory Capital Requirements at such time and without applying any transitional arrangements under the Regulatory Capital Requirements which are applicable at such time (unless such transitional provisions are permitted to be applied for these purposes under such Regulatory Capital Requirements), which calculation shall be binding on the Trustee and the Holders;

“**Scheme of Arrangement**” has the meaning given to it in the definition of Newco Scheme.

“**Senior Creditors**” means creditors of the Issuer: (a) who are unsubordinated creditors of the Issuer; (b) whose claims are, or are expressed to be, subordinated to the claims of unsubordinated creditors of the Issuer but not further or otherwise; or (c) whose claims are, or are expressed to be, junior to the claims of other creditors of the Issuer, whether subordinated or unsubordinated, other than those whose claims rank, or are expressed to rank, *pari passu* with, or junior to, the claims of the Holders in a winding-up in respect of the Capital Securities (and, for the avoidance of doubt, Senior Creditors shall include holders of Tier 2 Capital instruments);

“**Settlement Date**” means, with respect to a Holder seeking to obtain TSBBG Ordinary Shares from the Settlement Shares Depository (or its agent), the second Business Day after the day on which such Holder delivers the relevant Conversion Notice to the Settlement Shares Depository (or its agent);

“**Settlement Shares Depository**” means a reputable financial institution, trust company or similar entity (which in each such case is wholly independent of the Issuer) to be appointed by the Issuer on or prior to any date when a function ascribed to the Settlement Shares Depository in these Conditions is required to be performed to perform such functions and that will hold the TSBBG Ordinary Shares on trust for the Holders of the Capital Securities in one or more segregated accounts and otherwise on terms consistent with these Conditions;

“**Shareholders**” means the holders of TSBBG Ordinary Shares;

“**Shareholders’ Agreement**” means, in respect of any Settlement Date, the agreement (if any) to which all of the holders of TSBBG Ordinary Shares as at such date (in their capacity as such) and the Issuer are a party;

“**Solvency Condition**” has the meaning given to it in Condition 3(b);

“**Substitute Obligor**” has the meaning given to it in Condition 12(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:

- (a) in making any payments on the Capital Securities, the Issuer has paid or will or would on the next payment date be required to pay Additional Amounts; or

- (b) the Issuer is no longer entitled to claim a deduction in respect of any interest payable on the Capital Securities in computing its taxation liabilities or the amount, or value to the Issuer, of such deduction is materially reduced; or
- (c) the Capital Securities are prevented from being treated as loan relationships for United Kingdom tax purposes; or
- (d) 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 date of issue of the Capital Securities or any similar system or systems having like effect as may from time to time exist); or
- (e) the Capital Securities or any part thereof are treated as a derivative or an embedded derivative for United Kingdom tax purposes; or
- (f) the Issuer would be required to bring into account any amount of income, profit or gain or other tax credit or taxable item for tax purposes, or any other liability to tax would arise in respect of the occurrence of a Trigger Event or the Conversion and/or write-down of the Capital Securities (including, pursuant to these Conditions or as a result of the exercise of any regulatory powers under the Banking Act 2009); or
- (g) the Issuer suffers or would suffer any other material adverse tax consequence in connection with the Capital Securities,

and, in any such case the Issuer could not 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 the official or generally published interpretation of such laws, including a decision of any court or tribunal, or any interpretation or pronouncement by any relevant tax authority 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 or which differs from any specific written statements made by a tax authority regarding the anticipated tax treatment of the Capital Securities, which change or amendment (a) (subject to (b)) becomes effective on or after the Reference Date, or (b) in the case of a change in law or regulation, if such change is enacted on or after the Reference Date;

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

“**Trading Day**” means any day (other than a Saturday or a Sunday) on which the primary stock exchange (if any) on which the TSBBG Ordinary Shares are listed is open for business and the TSBBG Ordinary Shares may be traded;

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

“**Trigger Event**” means that the CET1 Ratio of the Issuer Group has fallen below 7.00 per cent.;

“**Trigger Event Notice**” has the meaning given to it in Condition 6(a);

“**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;

“**TSBBG Ordinary Shares**” means ordinary voting shares in the capital of the Issuer currently with a nominal value of £1.00 each (or, in the event of an Exempt Newco Scheme, the ordinary shares of the Newco);

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

“**VWAP**” in relation to a TSBBG Ordinary Share on any Trading Day means the order book volume weighted average price of such TSBBG Ordinary Share on such Trading Day (rounded to the nearest second decimal place (with 0.005 rounded up)) published by or derived from the relevant Bloomberg page (or any successor page) or, if there is no such relevant page, such other source as shall be determined by an Independent Adviser to be appropriate on such Trading Day, provided that if on any such Trading Day such price is not available or cannot otherwise be determined as provided above, the VWAP of a TSBBG Ordinary Share in respect of such Trading Day shall be the VWAP, determined as provided above, on the immediately preceding Trading Day on which the same can be so determined; and

“**Winding-Up**” means:

- (a) 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 Capital Securities thereby become redeemable or repayable in accordance with these Conditions);
- (b) following the appointment of an administrator of the Issuer, an administrator gives notice that it intends to declare and distribute a dividend; or
- (c) liquidation or dissolution of the Issuer or any procedure similar to that described in paragraph (a) or (b) 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.

## DESCRIPTION OF THE CAPITAL SECURITIES WHILE IN GLOBAL FORM

### 1 Initial Issue of Certificates

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

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 Depository, Euroclear or Clearstream, Luxembourg will credit each subscriber with a nominal amount of Capital Securities equal to the nominal amount thereof for which it has subscribed and paid.

### 2 Relationship of Accountholders with Clearing Systems

Each of the persons shown in the records of Euroclear, Clearstream, Luxembourg or any other clearing system (“**Alternative Clearing System**”) as the holder of a Capital Security represented by a Global Certificate 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 the holder of the Global Certificate 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). Such persons shall have no claim directly against the Issuer in respect of payments due on the Capital Securities for so long as the Capital Securities are represented by the Global Certificate and such obligations of the Issuer will be discharged by payment to the holder of the Global Certificate in respect of each amount so paid.

### 3 Transfer of Capital Securities represented by Global Certificates

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

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

- (i) if the relevant clearing system is closed for business for a continuous period of 14 days (other than by reason of holidays, statutory or otherwise) or announces an intention permanently to cease business or does in fact do so; or
- (ii) upon or following any failure to pay principal in respect of any Capital Securities when it is due and payable; or
- (iii) with the consent of the Issuer,

provided that, in the case of the first transfer of part of a holding pursuant to paragraph (i) or (ii) above, the Registered Holder has given the Registrar not less than 30 days’ notice at its specified office of the Registered Holder’s intention to effect such transfer.

## 4 Amendment to Conditions

The Trust Deed and the Global Certificate contain provisions which apply to the Capital Securities while they are in global form, some of which modify the effect of the terms and conditions of the Capital Securities set out in this Offering Circular. The following is a summary of certain of those provisions:

### 4.1 Payments

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

### 4.2 Meetings

For the purposes of any meeting of Holders, the holder of the Capital Securities represented by the Global Certificate shall be treated for the purposes of any meeting of Holders as being entitled to one vote in respect of each £1 in principal amount of the currency of the Capital Securities.

### 4.3 Trustee's Powers

In considering the interests of Holders 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 Capital Securities represented by the Global Certificate.

### 4.4 Notices

So long as the Global Certificate is held on behalf of Euroclear and/or Clearstream, Luxembourg and/or an Alternative Clearing System (as defined in the Trust Deed), notices to be given to Holders may be given by their being delivered to Euroclear and Clearstream, Luxembourg or, as the case may be, the Alternative Clearing System, rather than by publication as required by the Conditions and shall be deemed to have been given on the date of delivery to Euroclear and Clearstream, Luxembourg or, as the case may be, the Alternative Clearing System, provided that, so long as the Capital Securities are listed and/or admitted to trading on the ISM or on any other stock exchange, notices required to be given to the Holders pursuant to the Conditions shall also be published (if such publication is required) in a manner which complies with the rules and regulations of any such stock exchange or other relevant authority on which the Capital Securities are listed/and or admitted to trading.

## 5 Electronic Consent and Written Resolution

While the Global Certificate is held on behalf of a relevant Clearing System, then:

- (a) approval of a 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 nominal amount of the Capital Securities outstanding (an “**Electronic Consent**” as defined in the Trust Deed) shall, for all purposes (including matters that would otherwise require an Extraordinary Resolution to be passed at a meeting for which the Special Quorum was satisfied), take effect as an Extraordinary Resolution passed at a meeting of Holders duly convened and held, and shall be binding on all Holders whether or not they participated in such Electronic Consent; and



- (b) where Electronic Consent is not being sought, for the purpose of determining whether a Written Resolution (as defined in the Trust Deed) has been validly passed, the 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 with entitlements to such Global Certificate and/or, (b) where 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 Holders, even if the relevant consent or instruction proves to be defective. 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) in accordance with its usual procedures and in which the accountholder of a particular principal or nominal amount of the Capital Securities 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.

## TAXATION

*The following is a general description of the Issuer's understanding of certain United Kingdom tax considerations relating to the Capital Securities. It does not purport to be a complete analysis of all tax considerations relating to the Capital Securities, whether in those countries or elsewhere. It does not constitute legal or tax advice. It assumes that there will be no substitution of the Issuer and does not address the consequences of any such substitution (notwithstanding that such substitution may be permitted by the terms and conditions of the Capital Securities). It only relates to the position of persons who are the absolute beneficial owners of the Capital Securities and who hold the Capital Securities as investments. 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 Holders. Prospective purchasers of the Capital Securities should consult their own tax advisers as to which countries' tax laws could be relevant to acquiring, holding and disposing of the Capital Securities and receiving payments of interest, principal and/or other amounts under the Capital Securities and the consequences of such actions under the tax laws of those countries. In particular, prospective purchasers of Capital Securities should be aware that the tax legislation of any jurisdiction where such a purchaser is resident or otherwise subject to taxation (as well as the jurisdiction discussed below) may have an impact on the tax consequences of an investment in the Capital Securities including in respect of any income received from the Capital Securities.*

### **United Kingdom**

The comments in this part are based on current UK 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 this Offering Circular, and each of which may change at any time, possibly with retrospective effect.

References in this part to "interest" shall mean "interest" as understood in UK tax law. The statements in this part do not take any account of any different definitions of "interest" or "principal" which may prevail under any other law or which may be created by the Conditions or any related documentation.

#### *Interest on the Capital Securities*

The Capital Securities will constitute "quoted Eurobonds" provided the Capital Securities are and continue to be (i) listed on a recognised stock exchange, within the meaning of Section 1005 Income Tax Act 2007 or (ii) admitted to trading on a multilateral trading facility operated by a UK, Gibraltar or other EEA-regulated recognised stock exchange within the meaning of Sections 987 and 1005 Income Tax Act 2007. Whilst the Capital Securities are and continue to be quoted Eurobonds, payments of interest by the Issuer may be made without withholding or deduction for or on account of UK income tax. The ISM is a multilateral trading facility operated by a UK, Gibraltar or other EEA-regulated recognised stock exchange (the London Stock Exchange) for these purposes.

Under current UK legislation, if the exemption referred to above does not apply, interest on the Capital Securities which has a UK source will generally be paid by the Issuer under deduction of UK income tax at the basic rate (currently 20 per cent.), subject to the availability of other reliefs under domestic law or to any direction to the contrary from HM Revenue & Customs in respect of such relief as may be available pursuant to the provisions of any applicable double taxation treaty.

## GENERAL INFORMATION

1. An application will be made to the London Stock Exchange for the Capital Securities 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 Capital Securities and the issue of any TSBBG Ordinary Shares upon Conversion. The issue of the Capital Securities and the issue of any TSBBG Ordinary Shares upon Conversion was authorised by a resolution of the Board of Directors of the Issuer on 23 October 2024 and a resolution of the holders of TSBBG Ordinary Shares passed on 31 October 2024.
3. There has been no significant change in the financial or trading position of the Issuer or the Issuer and its consolidated subsidiaries as a whole (together, the “**Group**”) since 31 December 2023 and no material adverse change in the financial position or prospects of the Issuer or the Issuer Group since 31 December 2023.
4. Save as disclosed in the risk factor entitled “*The Group faces risks associated with its operations’ compliance with a wide range of laws and regulations*” on pages 10 to 12 of this Offering Circular, neither the Issuer nor any of its subsidiaries has been involved in any 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 this Offering Circular which may have, or has had in the recent past, significant effects on the Issuer’s ability to meet its obligations to holders of Capital Securities.
5. The Capital Securities 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 295135158. The International Securities Identification Number (“**ISIN**”) for the Capital Securities is XS2951351589.  
  
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 213800KWCGLFG9WZDX35.
7. From the Issue Date to the First Reset Date, assuming interest payments are paid in full and that no Conversion occurs, the yield of the Capital Securities is 8.755 per cent. on a semi-annual basis. The yield is calculated as at the Issue Date on the basis of the issue price and the Initial Fixed Interest Rate. It is not an indication of future yield.
8. For so long as the Capital Securities remain outstanding, copies of the following documents will be available for inspection at the Issuer’s website <https://www.tsb.co.uk/investors/debt-investors/>:
  - (a) the Memorandum and Articles of Association of the Issuer;
  - (b) this Offering Circular together with any supplement to this Offering Circular;
  - (c) the Trust Deed;
  - (d) the Issuer’s Financial Statements incorporated herein by reference; and
  - (e) the Base Prospectus.

A copy of the Issuer Pillar 3 Disclosures is available for inspection at Banco De Sabadell, S.A's website <https://www.grupbancsabadell.com/corp/en/shareholders-and-investors/economic-and-financial-information.html>.

9. The Issuer's Financial Statements for the years ended 31 December 2022 and 31 December 2023 have been audited in accordance with the International Standards on Auditing (UK) and applicable law and have been reported on without qualification by KPMG LLP.

KPMG LLP is a member of the Institute of Chartered Accountants in England and Wales and is the auditor appointed by the Issuer for the purposes of auditing its financial statements.

**THE ISSUER**

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**REGISTRAR**

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