

EXECUTION VERSION

Dated 7 October 2019

RL FINANCE BONDS NO. 4 PLC

as Issuer

and

THE ROYAL LONDON MUTUAL INSURANCE SOCIETY LIMITED

as Guarantor

and

HSBC CORPORATE TRUSTEE COMPANY (UK) LIMITED

as Trustee

TRUST DEED

relating to

the issuance of £600,000,000 4.875 per cent. Fixed Rate Reset Callable Guaranteed
Subordinated Notes due 2049

Linklaters

Ref: ND/AC/AR

Linklaters LLP

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This Trust Deed is dated 7 October 2019 and made **between**:

- (1) **RL FINANCE BONDS NO. 4 PLC**, (the “**Issuer**”), registered in England and Wales as company number 12187449 and having its registered office at 55 Gracechurch Street, London EC3V 0RL, United Kingdom;
- (2) **THE ROYAL LONDON MUTUAL INSURANCE SOCIETY LIMITED**, (the “**Guarantor**”), incorporated with liability limited by guarantee in England and Wales as company number 99064 and having its registered office at 55 Gracechurch Street, London EC3V 0RL, United Kingdom; and
- (3) **HSBC CORPORATE TRUSTEE COMPANY (UK) LIMITED**, (the “**Trustee**”, which, where the context so admits, includes any other trustee for the time being and from time to time the trustee or trustees under this Trust Deed).

Background:

- (A) The Issuer has authorised the issue of £600,000,000 4.875 per cent. Fixed Rate Reset Callable Guaranteed Subordinated Notes due 2049 to be constituted by this Trust Deed and the Guarantor has authorised the giving of a subordinated guarantee in respect of the Notes.
- (B) The Trustee has agreed to act as trustee of this Trust Deed on the following terms and conditions.

This Deed witnesses and it is declared as follows:

1 Interpretation

1.1 Definitions: Unless the context requires or the same are otherwise defined, words and expressions defined in the Conditions and not otherwise defined herein shall have the same meaning in this Trust Deed and the following expressions have the following meanings:

“**Agency Agreement**” means the agreement referred to as such in the Conditions and includes any other agreements approved in writing by the Trustee appointing Successor Agents or altering any such agreements;

“**Appointee**” means any custodian, receiver, attorney, manager, agent, delegate or nominee of the Trustee or any other person appointed by the Trustee pursuant to this Trust Deed;

“**Auditors**” means the auditors for the time being of the Issuer and the Guarantor or, if they are unable or unwilling to carry out any action requested of them under this Trust Deed, such other firm of accountants as may be nominated in writing by the Issuer and the Guarantor and approved in writing by the Trustee for the purpose (at the expense of the Issuer (failing whom the Guarantor));

“**Certificate**” means a definitive certificate representing one or more Notes comprising the entire holding by a Noteholder of his Notes and, save in the case of the Global Certificate, being substantially in the form set out in Part 2 of Schedule 1;

“**Clearstream, Luxembourg**” means Clearstream Banking S.A.;

“**Conditions**” means the terms and conditions of the Notes which shall be substantially in the form set out in Schedule 2, as modified, with respect to any Notes represented by the Global Certificate, by the provisions of the Global Certificate. Any reference to a particularly numbered Condition shall be construed accordingly;

“**Euroclear**” means Euroclear Bank SA/NV;

“Event of Default” means an event described in Condition 12(a)(ii) or 12(a)(iii);

“Extraordinary Resolution” has the meaning set out in Schedule 3;

“FCA” means the UK Financial Conduct Authority or any successor thereto;

“FSMA” means the Financial Services and Markets Act 2000;

“Global Certificate” means the global certificate substantially in the form set out in Part 1 of Schedule 1 representing the Notes and registered in the name of a nominee for the common depositary of Euroclear and Clearstream, Luxembourg;

“Guarantee” means the subordinated guarantee and indemnity of the Guarantor in Clause 5;

“Market” means the regulated market of the London Stock Exchange;

“Noteholder” means a person against whose name a Note is registered in the register of Noteholders (or, in the case of joint holders, the first named thereof), save that, for so long as the Notes are represented by the Global Certificate, each person who has for the time being a particular principal amount of the Notes credited to his securities account in the records of Clearstream, Luxembourg or Euroclear shall be deemed to be the Noteholder in respect of the principal amount of such Notes for all purposes hereof other than for the purpose of payments in respect thereof, the right to which shall be vested in the registered holder of the Global Certificate in accordance with and subject to the terms of this Trust Deed and such Global Certificate;

“Notes” means the £600,000,000 4.875 per cent. Fixed Rate Reset Callable Guaranteed Subordinated Notes due 2049 of the Issuer guaranteed by the Guarantor on a subordinated basis which expression shall, if the context so permits, include the Global Certificate representing the Notes;

“outstanding” means, in relation to the Notes, all the Notes issued except (A) those which have been redeemed in accordance with the Conditions, (B) those in respect of which the date for redemption has occurred and the redemption moneys (including all interest accrued on such Notes to the date for such redemption and any interest payable under the Conditions after such date) have been duly paid to the Trustee or to the Principal Paying Agent as provided in Clause 2 and remain available for payment in accordance with the Conditions, (C) those which have become void and (D) those which have been purchased and cancelled as provided in the Conditions provided that for the purposes of (1) ascertaining the right to attend and vote at any meeting of the Noteholders, (2) the determination of how many Notes are outstanding for the purposes of Conditions 12 and 16 and Schedule 3, and (3) the exercise of any discretion, power or authority whether contained in this Trust Deed or provided by law, which the Trustee is required, expressly or impliedly, to exercise in or by reference to the interests of the Noteholders, those Notes which are beneficially held by or on behalf of the Issuer, the Guarantor or any of their respective Subsidiaries and not cancelled shall (unless no longer so held) be deemed not to remain outstanding;

“Potential Event of Default” means an event or circumstance which could with the giving of notice or lapse of time become an Event of Default;

“Principal Paying Agent” means the institution named as such in the Conditions acting through its specified office, or any Successor Principal Paying Agent;

“Registrar” means the institution named as such in the Conditions acting through its specified office, or any Successor Registrar;

“Senior Creditors Claims” means the claims of all Senior Creditors (including, without limiting the generality of the foregoing, all contingent and prospective claims, all claims in respect of deposits with, or loans to, the Guarantor and all claims to interest thereon or in respect thereof) which are admitted to proof in a Guarantor Winding-Up;

“Shortfall” means, in the event that, notwithstanding the subordination effected by Clause 5.9, any amounts are paid to the Trustee in a Guarantor Winding-Up in respect of the claims of the Noteholders without the Senior Creditors being paid in full, the amount by which the aggregate amount paid or distributable by the liquidator or the administrator (as the case may be) in the Guarantor Winding-Up as aforesaid to Senior Creditors in respect of Senior Creditors Claims is less than the amount of the Senior Creditors Claims;

“specified office” means, in relation to an Agent, the office identified with its name at the end of the Conditions or any other office approved by the Trustee and notified to Noteholders pursuant to Clause 9.20;

“Subsidiary” has the meaning given under Section 1159 of the Companies Act;

“Successor” means, in relation to the Agents, such other or further person as may from time to time be appointed by the Issuer and/or the Guarantor as an Agent with the written approval of, and on terms approved in writing by, the Trustee and notice of whose appointment is given to Noteholders pursuant to Clause 9.20;

“successor in business” means, in relation to the Issuer, the Guarantor or any Substituted Obligor, any company which as a result of any amalgamation, merger or reconstruction, beneficially owns the whole or substantially the whole of the undertaking, property and assets owned by the Issuer, the Guarantor or the relevant Substituted Obligor (as the case may be) prior to such amalgamation, merger, reconstruction or agreement coming into force and carries on as successor to the Issuer, the Guarantor or the relevant Substituted Obligor (as the case may be) the whole or substantially the whole of the business carried on by the Issuer, the Guarantor or the relevant Substituted Obligor (as the case may be) immediately prior thereto; and

“trust corporation” means a trust corporation (as defined in the Law of Property Act 1925) or a corporation entitled to act as a trustee pursuant to applicable foreign legislation relating to trustees.

1.2 Interpretation: In this Trust Deed, unless the contrary intention appears, a reference to:

1.2.1 costs, charges, remuneration, expenses or amounts payable under this Trust Deed shall include any value added tax, turnover tax or similar tax charged in respect thereof;

1.2.2 any action, remedy or method of judicial proceedings for the enforcement of rights of creditors shall include, in respect of any jurisdiction other than England, references to such action, remedy or method of judicial proceedings for the enforcement of rights of creditors available or appropriate in such jurisdiction as shall most nearly approximate thereto;

1.2.3 **“interest”** includes Arrears of Interest where the context so admits;

- 1.2.4 “**this Trust Deed**” or any other agreement or document referred to in this Trust Deed mean this trust deed or such other agreement or document as amended, varied, supplemented, modified or novated from time to time;
- 1.2.5 a “**Clause**” or “**Schedule**” is a reference to a clause of, or a schedule to, this Trust Deed;
- 1.2.6 a person includes any individual, company, body corporate, corporation sole or aggregate, government, state or agency of a state, firm, partnership, joint venture, association, organisation or trust (in each case, whether or not having separate legal personality and irrespective of the jurisdiction in or under the law of which it was incorporated or exists) and a reference to any of them shall include a reference to the others;
- 1.2.7 a person includes its successors and assigns;
- 1.2.8 any provision of any treaty, legislation, statute, directive, regulation, judgement, decision, decree, order, regulation, instrument, by-law, or any other law of, or having effect in, any jurisdiction (“**Laws**”) shall be construed also as references to all other Laws made under the Law referred to, and to all such Laws as amended, re-enacted, consolidated or replaced, or as their application is modified by other Laws from time to time, and whether before or after the date of this Trust Deed;
- 1.2.9 Euroclear and/or Clearstream, Luxembourg shall be deemed to include references to any other clearing system as is approved by the Trustee; and
- 1.2.10 a time of day is a reference to London time.
- 1.3 **Subordination:** Clauses 5, 6 and 7 and Conditions 3 and 4 apply only to the principal, interest and other amounts under or arising from the Notes and the Guarantee.
- 1.4 **Headings:** The headings in this Trust Deed are for ease of reference only and do not affect its interpretation.
- 1.5 **Schedules:** Each of the Schedules shall have effect as if set out in this Trust Deed.
- 1.6 **Gender:** Words denoting the singular number only shall include the plural number also and vice versa, words denoting one gender only shall include the other gender and words denoting persons shall include firms and corporations and vice versa.

2 **Amount of the Notes, Covenant to Pay and Subordination**

- 2.1 **Amount of the Notes:** The aggregate principal amount of the Notes is limited to £600,000,000.
- 2.2 **Covenant to Pay:** Subject to Clauses 2.3, 5 and 7 and to Conditions 3(b), 3(c), 6(a), 6(b), 6(e) and 8(b), the Issuer will on any date when any Notes become due to be redeemed unconditionally pay or procure to be paid to or to the order of the Trustee in London in sterling in same day funds the principal amount of the Notes becoming due for redemption on that date and will (subject to the Conditions) until such payment (both before and after judgment) unconditionally pay or procure to be paid to or to the order of the Trustee interest on the principal amount of the Notes outstanding from time to time as set out in the Conditions, provided that (1) subject to the provisions of Clause 2.5, payment of any sum due in respect of the Notes made to the Principal Paying Agent as provided in the Agency Agreement shall, to that extent, satisfy such obligation except to the extent that there is failure in its

subsequent payment to the relevant Noteholders under the Conditions and (2) a payment made after the due date or pursuant to Condition 12 will be deemed to have been made when the full amount due has been received by the Principal Paying Agent or the Trustee and notice to that effect has been given to the Noteholders (if required under Clause 9.11), except to the extent that there is failure in its subsequent payment to the relevant Noteholders under the Conditions. The Trustee will hold the benefit of this covenant on trust for itself and the Noteholders.

2.3 Subordination to the claims of Senior Creditors: Notwithstanding the covenant of the Issuer given in Clause 2.2, in the event of a Guarantor Winding-Up the claims of the Trustee (save as hereinafter provided) and the Noteholders will be subordinated to the claims of all Senior Creditors (in the manner set out in Clause 5.9 and Condition 4(b) of the Notes) and no payment shall be made in respect thereof under this Trust Deed or the Notes unless all the claims of the Senior Creditors have been satisfied in full prior to such payment. This subordination of the claims of the Trustee and the Noteholders shall not affect any liability of the Issuer or the Guarantor to the Trustee in its personal capacity or affect or prejudice the payment of the fees, costs, charges, expenses or liabilities or remuneration of the Trustee or of amounts payable to, or in respect of, any Appointee or the rights and remedies of the Trustee in respect thereof and the Trustee shall to such extent rank as a Senior Creditor of the Guarantor.

2.4 Discharge: Subject to Clause 2.5, any payment to be made in respect of the Notes by the Issuer, the Guarantor or the Trustee may be made as provided in the Conditions and any payment so made will (subject to Clause 2.5) to that extent be a good discharge to the Issuer, the Guarantor or the Trustee (as the case may be).

2.5 Payment after a Default: At any time after an Event of Default or a Potential Event of Default has occurred the Trustee may:

2.5.1 by notice in writing to the Issuer, the Guarantor and the Agents, require the Agents, until notified by the Trustee to the contrary, so far as permitted by applicable law:

- (i) to act as Agents of the Trustee under this Trust Deed and the Notes on the terms of the Agency Agreement (with consequential amendments as necessary and except that the Trustee's liability for the indemnification, remuneration and expenses of the Agents will be limited to the amounts for the time being held by the Trustee in respect of the Notes on the terms of this Trust Deed) and thereafter to hold all Notes and all moneys, documents and records held by them in respect of Notes to the order of the Trustee; or
- (ii) to deliver all Notes and all moneys, documents and records held by them in respect of the Notes to the Trustee or as the Trustee directs in such notice; and

2.5.2 by notice in writing to the Issuer and the Guarantor, require each of them to make all subsequent payments in respect of the Notes to or to the order of the Trustee and not to the Principal Paying Agent with effect from the issue of any such notice to the Issuer and the Guarantor; and from then until such notice is withdrawn, proviso (1) to Clause 2.2 above, shall cease to have effect.

2.6 Covenant of Compliance: Each of the Issuer and the Guarantor covenants to comply with the provisions of this Trust Deed and the Conditions.

3 Form of the Notes

- 3.1 The Global Certificate:** The Notes will initially be represented by the Global Certificate in registered form in the principal amount of £600,000,000 which shall be registered in the name of a nominee for a common depository to both Euroclear and Clearstream, Luxembourg. The Global Certificate will be exchangeable for Certificates in the limited circumstances set out in the Global Certificate.
- 3.2 Form of Certificates:** The Certificates, if issued, will be printed in accordance with the requirements of the applicable stock exchange where the Notes are listed and will be substantially in the form set out in Part 2 of Schedule 1 and endorsed with the Conditions.
- 3.3 Signature:** The Global Certificate and the Certificates shall be signed manually or in facsimile by (A) a Director or duly authorised attorney of the Issuer and (B) a Director or duly authorised attorney of the Guarantor, in each case duly authorised for such purpose, and authenticated manually by or on behalf of the Registrar. The Issuer and the Guarantor may each use a facsimile signature of a person who at the date of this Trust Deed is such a duly authorised person even if at the issue of any Notes he no longer holds that office. Notes represented by the Global Certificate or Certificates so executed and authenticated will be binding and valid obligations of the Issuer and the Guarantor.

4 Stamp Duties

The Issuer (failing whom the Guarantor) will pay any stamp, issue, documentary or other taxes and duties, including interest and penalties, payable in the United Kingdom, Belgium and Luxembourg in respect of the creation, issue and offering of the Notes and the execution or delivery of this Trust Deed. The Issuer (failing whom the Guarantor) will also indemnify the Trustee and the Noteholders, on an after tax basis, from and against all stamp, issue, documentary or other taxes and duties paid by any of them in any jurisdiction in connection with any action taken by or on behalf of the Trustee or the Noteholders (as the case may be) to enforce the obligations of the Issuer and/or the Guarantor under this Trust Deed or the Notes.

5 Guarantee and Indemnity

- 5.1 Guarantee:** Subject as provided in the Conditions, this Clause 5 and Clause 7, the Guarantor irrevocably guarantees that if the Issuer does not pay any sum payable by it under this Trust Deed and the Notes by the time and on the date specified for such payment (whether on the normal due date, on acceleration or otherwise), the Guarantor will pay that sum to or to the order of the Trustee, in the manner provided in Clause 2.2 (or, if in respect of sums due under Clause 10, in London in sterling in immediately available funds) before close of business on that date in the city to which payment is so to be made. Clauses 2.2(1) and 2.2(2) will apply (with consequential amendments as necessary) to such payments other than those in respect of sums due under Clause 10. All payments under the Guarantee by the Guarantor will be made subject to Condition 7.
- 5.2 Guarantor as Principal Debtor:** As between the Guarantor and the Trustee and the Noteholders but without affecting the Issuer's obligations, the Guarantor will be liable under this Clause 5 as if it were the sole principal debtor and not merely a surety. Accordingly, it will not be discharged, nor will its liability be affected, by anything which would not discharge it or affect its liability if it were the sole principal debtor (including (1) any time, indulgence, waiver or consent at any time given to the Issuer or any other person; (2) any amendment

to any other provisions of this Trust Deed or to the Conditions or to any security or other guarantee or indemnity; (3) the making or absence of any demand on the Issuer or any other person for payment; (4) the enforcement or absence of enforcement of this Trust Deed, the Notes or of any security or other guarantee or indemnity; (5) the taking, existence or release of any security, guarantee or indemnity; (6) the dissolution, amalgamation, reconstruction or reorganisation of the Issuer or any other person (including any Substituted Obligor substituted for the Issuer pursuant to Conditions 4(c) and 15); or (7) the illegality, invalidity or unenforceability of or any defect in any provision of this Trust Deed, the Notes or any of the Issuer's obligations under any of them).

5.3 Issuer Winding-Up:

5.3.1 If an Issuer Winding-Up occurs at any time when a Guarantor Winding-Up has not also occurred or is occurring:

- (i) the Guarantor undertakes to pay the Guaranteed Amounts on the basis that such amounts are and will be due for payment under the Notes and this Trust Deed as if the Issuer Winding-Up had not occurred;
- (ii) the Trustee (other than in respect of its rights and claims in its personal capacity under this Trust Deed and those of any Appointee) and the Noteholders (in each case in relation to any amount which they are entitled to receive in such Issuer Winding-Up in respect of, or arising under, the Notes and this Trust Deed (including any damages awarded for breach of any obligations thereunder)) shall, without the need for any further step or action on the part of the Trustee or Noteholders, assign (and be treated as having assigned) irrevocably such amounts and the right thereto to the Guarantor as consideration for the Guarantor's agreement to assume, or procure the assumption by a Subsidiary of the Guarantor of, the obligations of the Issuer pursuant to, and in accordance with, Condition 4(c) and irrevocably to have authorised and directed the Issuer (or its liquidator or administrator, as appropriate) to make the payment of any such amounts directly to the Guarantor; and
- (iii) (in consideration for the deemed assignment pursuant to Clause 5.3.1(ii)) the Guarantor shall assume, or shall procure the assumption by a Subsidiary of the Guarantor of, all of the obligations of the Issuer under the Notes and the Trust Deed as if references in the Notes and this Trust Deed to "the Issuer" were to the Guarantor or its relevant Subsidiary (as the case may be) but provided that the claims of the Trustee (other than in respect of its rights and claims in its personal capacity under the Trust Deed and those of any Appointee) and the Noteholders against the Guarantor in respect of all payment obligations under the Notes and the Trust Deed shall rank *pari passu* with the Guarantee.

5.3.2 The provisions of Clause 16.2 shall apply *mutatis mutandis* to any assumption of the Issuer's obligations under the Notes by the Guarantor or its Subsidiary pursuant to Clauses 5.3.1(ii) and 5.3.1(iii), save that the words "shall, at the request of the Issuer and the Guarantor, agree", shall be replaced with "shall agree".

5.3.3 Once the Guarantor has assumed, or has procured the assumption by its Subsidiary of the Issuer's obligations under the Notes and the Trust Deed, the Guarantor shall have the rights or benefits of all the provisions applicable to the Issuer in the

Conditions and this Trust Deed including, without limitation the Issuer's ability to redeem, vary, substitute or purchase the Notes in the circumstances set out in Conditions 8(d), 8(e) and 8(f) and accordingly, all references in the Conditions and this Trust Deed to the Issuer shall, to the extent necessary to confer such rights or benefits, be construed as references to the Guarantor.

5.3.4 If any payment is made to the Trustee (other than payments made to the Trustee in its personal capacity under this Trust Deed) and/or the Noteholders in respect of or arising under the Notes and/or the Trust Deed by the liquidator or the administrator (as applicable) of the Issuer, such amount shall, in addition to the assignments set out in Conditions 3(b)(i) and 3(b)(ii), reduce *pro tanto* the amounts payable by the Guarantor under the Guarantee and/or, as appropriate, any Substituted Obligor substituted for the Issuer pursuant to Conditions 4(c) and 15 (save to the extent amounts are subsequently paid by the Trustee or, as appropriate, the Noteholders to the Issuer to its liquidator or, as appropriate, administrator in accordance with Condition 3(d)).

5.4 Deferral of Payments under the Guarantee: The obligations of the Guarantor under this Guarantee to make any payment of Guaranteed Amounts in respect of interest on the Notes may be optionally deferred by the Guarantor in accordance with Condition 6(a) and will be mandatorily deferred in accordance with Condition 6(b) and shall only become payable by the Guarantor in accordance with Condition 6(e). The obligations of the Guarantor under this Guarantee to make any payment of Guaranteed Amounts in relation to the redemption of the Notes will be subject to mandatory deferral in accordance with Condition 8(b)(i) and, in that case, shall only become payable by the Guarantor in accordance with Conditions 8(b)(iii) and 8(b)(iv).

5.5 Guarantor's Obligations Continuing and Avoidance of Payments:

5.5.1 If any payment received by the Trustee or any Noteholder under the provisions of this Trust Deed shall (whether on the subsequent winding-up, insolvency or corporate reorganisation of the Issuer or, without limitation, on any other event) be avoided or set aside for any reason, such payment shall not be considered as discharging or diminishing the liability of the Guarantor and this Guarantee shall continue to apply as if such payment had at all times remained owing by the Issuer and the Guarantor shall (subject as provided in the Conditions and in this Clause 5 and Clause 7) indemnify the Trustee and the Noteholders (as the case may be) in respect thereof provided that the obligations of the Issuer and/or the Guarantor under this Clause 5.5(A) shall, as regards each payment made to the Trustee or any Noteholder which is avoided or set aside, be contingent upon such payment being reimbursed to the Issuer or other persons entitled through the Issuer.

5.5.2 The Guarantor waives diligence, presentment, filing of claims with a court in the event of dissolution, liquidation, merger or bankruptcy of the Issuer, any right to require a proceeding first against the Issuer, protest or notice with respect to this Trust Deed or the indebtedness evidenced thereby and all demands whatsoever and covenants that this Guarantee shall (1) be a continuing guarantee; (2) extend to the ultimate balance of all sums payable and obligations owed by the Issuer under this Trust Deed and the Notes; (3) not be discharged except by complete performance of the obligations in respect of payments in this Trust Deed and the Notes; and (4) be additional to, and not instead of, any security or other guarantee or indemnity at

any time existing in favour of any person, whether from the Guarantor or otherwise.
The Guarantor irrevocably waives all notices and demands of any kind.

5.6 Enforcement of Guarantee: Subject to the provisions of Clause 13 and Condition 12, the Trustee may determine from time to time whether or not it will enforce this Guarantee which it may do without making any demand of or taking any proceedings against the Issuer and may (from time to time) make any arrangement or compromise with the Guarantor in relation to this Guarantee which the Trustee may consider expedient in its discretion to be appropriate.

5.7 Exercise of Guarantor's Rights: So long as any sum remains payable under this Trust Deed or the Notes:

5.7.1 any right of the Guarantor, by reason of the performance of any of its obligations under this Clause 5, to be indemnified by the Issuer or to take the benefit of or to enforce any security or other guarantee or indemnity will be exercised and enforced by the Guarantor only in such manner and on such terms as the Trustee may require or approve; and

5.7.2 any amount received or recovered by the Guarantor (1) as a result of any exercise of any such right; or (2) in the dissolution, amalgamation, reconstruction or reorganisation of the Issuer (or any Substituted Obligor substituted for the Issuer pursuant to Conditions 4(c) and 15) will be held in trust for the Trustee and immediately paid to the Trustee and the Trustee will hold it on the trusts set out in Clause 8.1.

5.8 Suspense Accounts: Any amount received or recovered by the Trustee (otherwise than as a result of a payment by the Issuer to the Trustee in accordance with Clause 2) in respect of any sum payable by the Issuer under this Trust Deed or the Notes may be placed in a suspense account and kept there for so long as the Trustee thinks fit.

5.9 Subordination of the Guarantee:

5.9.1 If a Guarantor Winding-Up occurs, the rights and claims of the Trustee (on behalf of the Noteholders but not the rights and claims of the Trustee in its personal capacity under this Trust Deed or those of any Appointee which shall not be subordinated) and the Noteholders against the Guarantor in relation to Guaranteed Amounts (including, without limitation, any damages awarded for breach of any obligations under the Notes and this Trust Deed) will be subordinated to the claims of all Senior Creditors, but shall rank (1) at least *pari passu* with all claims in respect of Parity Obligations; and (2) in priority to all claims in respect of Junior Obligations.

5.9.2 Accordingly, any amounts paid to the Trustee by the liquidator or administrator of the Guarantor (as the case may be) in respect of the claims of the Noteholders at any time after a Guarantor Winding-Up shall be paid:

- (i) first, for application in payment or satisfaction of all costs, charges, fees, expenses and liabilities properly incurred by the Trustee or any Appointee (including remuneration payable to it and any indemnity payments due to it) in carrying out its functions under this Trust Deed;
- (ii) secondly, to the extent of any Shortfall, for distribution in or towards payment or satisfaction of Senior Creditors;

- (iii) thirdly, in payment of any amounts owing in respect of the Notes *pari passu* and rateably; and
- (iv) fourthly, in payment of any balance to the Guarantor for itself.

The trust set out in Clause 5.9(B)(2) above may be performed by the Trustee by repaying to the liquidator or administrator for the time being of the Guarantor (as the case may be) the amount so to be distributed on terms that such liquidator or administrator shall distribute the same in accordance with this Clause 5.9(B), and in that event the receipt by such liquidator or administrator of the moneys so paid by the Trustee to him shall be a good discharge to the Trustee for the performance by the Trustee of the trust set out in Clause 5.9(B)(2) and the Trustee shall not be bound to supervise or be in any way responsible for such distribution.

5.9.3 If any Guarantor Winding-Up has occurred, any payment is made to the Trustee (other than payments made to the Trustee in its personal capacity under this Trust Deed and those of any Appointee) and/or the Noteholders in respect of, or arising under, the Guarantee by the liquidator or the administrator (as applicable) of the Guarantor such amount shall, in addition to the assignments set out in Conditions 3(b)(i) and 3(b)(ii), reduce *pro tanto* the amounts payable by the Issuer under the Notes and this Trust Deed (save to the extent such amounts are subsequently paid by the Trustee or, as appropriate, the Noteholders to the Guarantor or its liquidator or, as appropriate, administrator in accordance with Condition 3(d)).

5.10 Expenses: The provisions of this Clause 5 apply only to the payment of principal and interest under the Guarantee and nothing in this Clause 5 and Clause 7 shall affect or prejudice the payment of all costs, charges, fees, expenses and liabilities properly incurred by, or otherwise payable to, the Trustee or any Appointee (including remuneration payable to it and any indemnity payments due to it) in carrying out its functions under this Trust Deed or the Trustee's remuneration or the rights and remedies of the Trustee in respect thereof which will not be subordinated in any manner.

5.11 Subordination not to affect other rights: Nothing contained in this Trust Deed shall in any way restrict the right of the Guarantor to create, issue, incur, give or assume obligations or guarantees of obligations ranking in priority to or *pari passu* with or junior to the obligations of the Guarantor under this Guarantee and if in the opinion of the Trustee any modification to the provisions of this Clause 5 to permit such ranking is necessary or expedient the Trustee is hereby authorised without any consent or sanction of the Noteholders to concur with the Guarantor and Issuer in executing a supplemental trust deed effecting such modification.

5.12 Debts of Issuer: If any moneys become payable by the Guarantor under this Guarantee, the Issuer will not (except in the event of the liquidation of the Issuer) so long as any such moneys remain unpaid, pay any moneys for the time being due from the Issuer to the Guarantor.

5.13 Indemnity: Subject as provided in the Conditions and in this Clause 5 and Clause 7, as separate, independent and alternative stipulations, the Guarantor irrevocably agrees (A) that any sum which, although expressed to be payable by the Issuer under this Trust Deed or the Notes, is for any reason (whether or not now existing and whether or not now known or becoming known to the Issuer, the Guarantor, any Substituted Obligor, the Trustee or any Noteholder) not recoverable from the Guarantor on the basis of a guarantee will nevertheless be recoverable from it as if it were the sole principal debtor and will be paid by it to the

Trustee on demand; and (B) as a primary obligation to indemnify the Trustee and each Noteholder against any loss suffered by it as a result of any sum expressed to be payable by the Issuer under this Trust Deed or the Notes not being paid on the due date for payment and otherwise in the manner specified in this Trust Deed or any payment obligation of the Issuer under this Trust Deed or the Notes being or becoming void, voidable or unenforceable for any reason (whether or not now existing and whether or not now known or becoming known to the Trustee or any Noteholder), the amount of that loss being the amount expressed to be payable by the Issuer in respect of the relevant sum.

The indemnity contained in this Clause 5.13 shall survive the termination or expiry of this Trust Deed or the resignation or retirement of the Trustee.

6 Status of the Notes

The Notes constitute direct and unsecured obligations of the Issuer and rank *pari passu* and without any preference among themselves. The rights and claims of the Noteholders in any Issuer Winding-Up are as described in this Trust Deed and Condition 3.

7 Solvency Condition and Set-off

7.1 Solvency Condition:

7.1.1 Subject to Clause 5.10 and without prejudice to Condition 4(b) and Clause 5.9, all payments under or arising from (including any damages awarded for breach of any obligations under) the Notes or this Trust Deed (including the Guarantee) shall be conditional upon the Solvency Condition.

7.1.2 The Guarantor will be solvent if (i) it is able to pay its debts owed to Senior Creditors and Parity Creditors as they fall due and (ii) its Assets exceed its Liabilities. A certificate as to solvency or lack thereof of the Guarantor signed by two Directors of the Guarantor or, if there is a Guarantor Winding-Up, the liquidator or, as the case may be, the administrator of the Guarantor shall, in the absence of manifest error be treated and accepted by the Issuer, the Guarantor, the Trustee, the Noteholders and all other interested parties as correct and sufficient evidence thereof and shall be binding on all such persons. The Trustee shall be entitled to rely absolutely on such certificate without liability to any person and without any obligation to verify or investigate the accuracy thereof.

7.2 Certificates: Without prejudice to Clause 11.4, the Trustee shall be entitled and is hereby authorised to call for certificates from the liquidator or administrator of the Guarantor (as the case may be) as to:

7.2.1 the amount of Senior Creditors Claims and the persons entitled thereto and their respective entitlements;

7.2.2 the date upon which such Senior Creditors were, or the liquidator or administrator of the Guarantor (as the case may be) considers will be, paid or discharged in full;

7.2.3 any Shortfall in respect of the Guarantor or any such Shortfall estimated by the liquidator or administrator of the Guarantor (as the case may be); and

7.2.4 the amounts of the claims of the holders of all Parity Creditors and Junior Creditors and the persons entitled thereto and their respective entitlements other than in respect of the indebtedness of the Guarantor under the Notes.

7.3 Set-off: By acceptance of the Notes, subject to applicable law, each Noteholder will be deemed to have waived and to have directed and authorised the Trustee on its behalf to have waived any right of set-off or counterclaim that such Noteholder might otherwise have against the Issuer or the Guarantor in respect of or arising under the Notes or this Trust Deed (including the Guarantee) whether prior to or in liquidation, winding-up or administration. Notwithstanding the preceding sentence, if any of the rights and claims of any Noteholder in respect of or arising under the Notes or this Trust Deed (including the Guarantee) are discharged by set-off, such Noteholder will immediately pay an amount equal to the amount of such discharge to the Issuer, or as appropriate, the Guarantor or, if applicable, the liquidator, trustee, receiver or administrator of the Issuer or, as appropriate, the Guarantor and, until such time as payment is made, will hold a sum equal to such amount on trust for the Issuer or, as appropriate, the Guarantor or, if applicable, the liquidator, trustee, receiver or administrator in the relevant liquidation, winding-up or administration. Accordingly, such discharge will be deemed not to have taken place.

8 Application of Moneys Received by the Trustee

8.1 Declaration of Trust: All moneys received by the Trustee in respect of the Notes or amounts payable under this Trust Deed will, despite any appropriation of all or part of them by the Issuer or the Guarantor, be held by the Trustee on trust to apply them (subject to Clauses 5.9(B) and 8.2):

- 8.1.1** first, for application in payment or satisfaction of all costs, charges, fees, expenses and liabilities properly incurred by, or otherwise payable to, the Trustee or any Appointee (including remuneration payable to it and any indemnity payments due to it) in carrying out its functions under this Trust Deed;
- 8.1.2** secondly, in payment of any amounts owing in respect of the Notes *pari passu* and rateably; and
- 8.1.3** thirdly, in payment of any balance to the Issuer for itself, or if any moneys were received from the Guarantor and to the extent of such moneys, to the Guarantor.

If the Trustee holds any moneys in respect of Notes which have become void under Condition 11, the Trustee will hold them on these trusts.

8.2 Accumulation: If the amount of the moneys at any time available for payment in respect of the Notes under Clause 8.1 is less than 10 per cent. of the principal amount of the Notes then outstanding, the Trustee may, at its discretion, accumulate such moneys until the accumulations, together with any other funds for the time being under its control and available for such payment, amount to at least 10 per cent. of the principal amount of the Notes then outstanding and then such accumulations and funds (after deduction of, or provision for, any applicable taxes) will be applied as specified in Clause 8.1. For the avoidance of doubt, the Trustee shall in no circumstances, have any discretion to invest any moneys referred to in this Clause 8.2 (*Accumulation*) in any investments or other assets.

8.3 Deposit of Funds: Moneys held by the Trustee may at its election be placed on deposit into an account bearing a market rate of interest (and for the avoidance of doubt, the Trustee shall not be required to obtain best rates, be responsible for any loss occasioned by such deposit or exercise any form of investment discretion with respect to such deposits) in its name or under its control at such bank or other financial institution in such currency as the Trustee may think fit in light of the cash needs of the transaction and not for the purposes of generating income. If such moneys are placed on deposit with a bank or financial

institution which is a subsidiary, holding company, affiliate or associated company of the Trustee, it need only account for an amount of interest equal to the standard amount of interest payable by it on a deposit of an independent customer.

9 Covenants

So long as any Note is outstanding, the Issuer and the Guarantor will each:

- 9.1 **Books of Account:** keep, and procure that each of its Subsidiaries (if any) keeps, proper books of account and, at any time after an Event of Default or Potential Event of Default has occurred or, if the Trustee reasonably believes that such an event has occurred, so far as permitted by applicable law, allow, and procure that the Issuer, the Guarantor and each of their respective Subsidiaries will allow, the Trustee and anyone appointed by it to whom the Issuer, the Guarantor or the relevant Subsidiary has no reasonable objection, access to its books of account at all reasonable times during normal business hours;
- 9.2 **Notice of Events of Default:** give notice in writing to the Trustee forthwith upon becoming aware of any Event of Default or Potential Event of Default and without waiting for the Trustee to take any action;
- 9.3 **Information, etc.:** so far as permitted by applicable law, give or procure to be given to the Trustee such advice, opinions (legal or otherwise), certificates, reports, information and evidence as it shall require and in such form as it shall require (including without limitation the procurement by the Issuer and/or the Guarantor of all such certificates called for by the Trustee pursuant to Clause 11.4) for the purpose of the discharge or exercise of the duties, trusts, powers, authorities and discretions vested in it under this Trust Deed, the Agency Agreement, the Notes or any related document or by operation of law;
- 9.4 **Financial Statements etc.:** send to the Trustee as soon as practicable after their date of publication, and, in the case of annual financial statements in any event within 180 days of the end of each financial year, three copies in English of every balance sheet, profit and loss account, report or other notice, statement or circular issued, or which legally or contractually should be issued, to the members or creditors (or any class of them) of the Issuer or the Guarantor or any holding company thereof generally in their capacity as such;
- 9.5 **Certificate of Directors:** send to the Trustee, by the earlier of (A) the 14th calendar day after its annual audited financial statements having been made available to its members and (B) the 180th calendar day after its financial year-end, and otherwise forthwith on request in writing by the Trustee deliver a certificate signed by two Directors of the Issuer or the Guarantor (as the case may be), stating that having made all reasonable enquiries, to the best of the knowledge, information and belief of the Issuer or the Guarantor (as the case may be), as at a date (the "**Certification Date**") not more than five days before the date of the certificate, no Event of Default or Potential Event of Default has occurred since the Certification Date of the last such certificate or (if none) the date of this Trust Deed or, if such is not the case, specifying the particulars of any Event of Default or Potential Event of Default;
- 9.6 **Notices to Noteholders:** obtain the prior written approval of the Trustee to, and at least five Business Days prior to the date on which the notice is to be given to Noteholders give to the Trustee two copies of, the form of every notice given to the Noteholders (such approval, unless so expressed, not to constitute approval of any such notice for the purposes of Section 21 of the FSMA of any such notice which is a communication within the meaning of Section 21 of the FSMA);

- 9.7 Agents:** at all times maintain such Agents as are required by the Conditions;
- 9.8 Documents for Inspection:** procure that the Principal Paying Agent, the Registrar and each Transfer Agent appointed pursuant to the Agency Agreement makes available for inspection at its specified office copies of this Trust Deed, the Agency Agreement and the then latest audited balance sheet and profit and loss account (consolidated if applicable) of each of the Issuer and the Guarantor;
- 9.9 Further Acts:** so far as permitted by applicable law, do all such further things as may be necessary in the opinion of the Trustee to give effect to this Trust Deed;
- 9.10 Notification of Non-payment:** use its best endeavours to procure that the Principal Paying Agent notifies the Trustee forthwith in the event that it does not, on or before the due date for payment in respect of the Notes or any of them receive unconditionally the full amount in the relevant currency of the moneys payable on such due date on all such Notes;
- 9.11 Notice of Late Payment:** forthwith upon request by the Trustee give notice to the Noteholders of any unconditional payment to the Principal Paying Agent or the Trustee of any sum due in respect of the Notes made after the due date for such payment;
- 9.12 Notification of Redemption:** not less than three Business Days prior to the redemption date in respect of any Note give to the Trustee notice in writing of the amount of such redemption pursuant to the Conditions and (subject to Conditions 3(c) and 8) duly proceed to redeem such Notes;
- 9.13 Register:** deliver or procure the delivery to the Trustee of an up-to-date copy of the Register in respect of the Notes, certified as being a true, accurate and complete copy, at such times as the Trustee may reasonably require;
- 9.14 Redemption:** if the Issuer gives notice to the Trustee that it intends to redeem the Notes pursuant to Conditions 8(d), 8(e) or 8(f), the Issuer shall, prior to giving such notice to the Noteholders, provide such information to the Trustee as the Trustee requires in order to satisfy itself of the matters referred to in such Conditions;
- 9.15 Supervisory Consent:** where the Regulatory Clearance Condition is required to be satisfied before any payment is made or any other action is taken under this Trust Deed or the Notes, meet such Regulatory Clearance Condition promptly before making such payment or taking such action and deliver to the Trustee a certificate signed by any two Directors of the Issuer or the Guarantor confirming such compliance;
- 9.16 Interest Deferral:** where any election to defer payment of any interest under Condition 6(a) is made or where any payment of any interest pursuant to Condition 6(b) is mandatorily deferred, give notice of such election or mandatory deferral to the holders (in accordance with Conditions 6(f) and 14), the Trustee and the Principal Paying Agent and, in the case of a mandatory deferral, deliver a certificate signed by two Directors of the Issuer or the Guarantor (as the case may be) confirming that: (A) a Regulatory Deficiency Interest Deferral Event has occurred and is continuing or would occur if payment of interest on the Notes were to be made; or (B) a Regulatory Deficiency Interest Deferral Event has ceased to occur and/or payment of interest on the Notes would not result in a Regulatory Deficiency Interest Deferral Event occurring;
- 9.17 Redemption Deferral:** in the case of a mandatory deferral of redemption in accordance with Condition 8(b), deliver a certificate to the Trustee signed by two Directors of the Issuer or the Guarantor (as the case may be) confirming that: (A) a Regulatory Deficiency Redemption

Deferral Event has occurred and is continuing or would occur if redemption of the Notes were to be made; or (B) a Regulatory Deficiency Redemption Deferral Event has ceased to occur and/or redemption of the Notes would not result in a Regulatory Deficiency Redemption Deferral Event occurring;

- 9.18 Substitutions or Variations:** if any substitution or variation of the Notes or any substitution of the Issuer or the Guarantor is proposed, deliver to the Trustee a certificate signed by two Directors of the Issuer or, as applicable, the Guarantor setting out (A) the circumstances and entitlement of the Issuer or the Guarantor to effect such substitution and/or variation and (B) confirming that the Qualifying Dated Tier 2 Securities contain terms which comply with then current requirements of the Relevant Rules in relation to Tier 2 Capital;
- 9.19 Listing and Trading:** use all reasonable endeavours to maintain the listing of the Notes on the official list of the Financial Conduct Authority under Part VI of the Financial Services and Markets Act 2000 and the trading of such Notes on the Market but, if it is unable to do so, having used such endeavours, or if the maintenance of such listing or trading is agreed by the Trustee to be unduly onerous and the Trustee is satisfied that the interests of the Noteholders would not be thereby materially prejudiced, instead use all reasonable endeavours to obtain and maintain a listing of the Notes on another Recognised Stock Exchange (as defined in Section 1005 of the Income Tax Act 2007) and the admission to trading of the Notes on another market;
- 9.20 Change in Agents:** give at least 14 days' prior notice to the Noteholders in accordance with Condition 14 of any future appointment, resignation or removal of an Agent or of any change by an Agent of its specified office, and not make any such appointment or removal without the Trustee's written approval;
- 9.21 Notes Held by the Issuer, the Guarantor etc.:** send to the Trustee as soon as practicable after being so requested by the Trustee in writing a certificate of the Issuer or the Guarantor (as the case may be) signed by any two Directors of the Issuer or the Guarantor, as applicable, stating the number of Notes held at the date of such certificate by or on behalf of the Issuer, the Guarantor or any of their respective Subsidiaries;
- 9.22 Change in Ratings:** notify the Trustee of any change to the rating of the Notes;
- 9.23 Transfer of Business:** not less than 10 Business Days prior to any transfer of the whole or a substantial part of the Guarantor's business as contemplated by Condition 17, give to the Trustee notice in writing of the details of such transfer and provide such further information as the Trustee may request;
- 9.24 PRA Notification:** where notification to and/or confirmation from the PRA that it has no objection to the making of any payment or the taking of any other action under the Conditions or this Trust Deed is required to be obtained before the making of such payment or the taking of such action pursuant to this Trust Deed, give the requisite period of notice as provided for in the Conditions or this Trust Deed or, if such notice requirement is not so provided for in the Conditions, six months' prior written notice to the PRA before such payment is made or such other action is taken (or such shorter period of notice as the PRA may accept and so long as such notice is required to be given);
- 9.25 PRA Objection:** having received an objection to the making of any payment or taking of any action pursuant to the Conditions or this Trust Deed from the PRA following notification thereof to the PRA pursuant to Clause 9.24, promptly notify the Trustee in writing thereof

and, if permitted by applicable law, regulation or by the PRA, provide a copy thereof to the Trustee;

9.26 Arrears of Interest: prior to making any payment of Arrears of Interest, give to the Trustee a certificate from two Directors of the Issuer or the Guarantor confirming that the Regulatory Clearance Condition has been satisfied;

9.27 Capital Disqualification Event and Ratings Methodology Event:

9.27.1 give to the Trustee, upon becoming aware of the occurrence of a Capital Disqualification Event or a Ratings Methodology Event, a certificate from two Directors of the Issuer or the Guarantor to the effect that a Capital Disqualification Event or a Ratings Methodology Event has occurred and is continuing (or, in the case of a Ratings Methodology Event, will occur within a period of six months) and if, having occurred, such Capital Disqualification Event or a Ratings Methodology Event ceases (of, in the case of a Ratings Methodology Event, will no longer occur within a period of six months), the Issuer or the Guarantor (as the case may be) shall provide the Trustee with notice thereof as soon as practicable; and

9.27.2 agree to pay the properly incurred costs and expenses of any legal or financial advisers appointed by the Issuer and/or the Guarantor with the prior written approval of the Trustee for the purposes of (A) making a determination pursuant to Condition 8(g); and (B) providing such advice as may be required by the Trustee to satisfy it, as to whether a Ratings Methodology Event will occur within a period of six months as a result of any change in, or amendment to, or change in the application or official interpretation of, any applicable ratings methodology;

9.28 Compliance: comply and procure that each of its Agents complies with its obligations under the Notes and the Agency Agreement;

9.29 Information Reporting: Each of the Issuer and the Guarantor shall, within ten business days of a written request by the Trustee, supply to the Trustee such forms, documentation and other information relating to it, its operations, or the Notes as the Trustee reasonably requests for the purposes of its compliance with Applicable Law and shall notify the Trustee reasonably promptly in the event that it becomes aware that any of the forms, documentation or other information provided by it is (or becomes) inaccurate in any material respect; provided, however, that neither the Issuer nor the Guarantor shall be required to provide any forms, documentation or other information pursuant to this Clause 9.29 to the extent that: (i) any such form, documentation or other information (or the information required to be provided on such form or documentation) is not reasonably available to it and cannot be obtained by it using reasonable efforts; or (ii) doing so would or might in its reasonable opinion constitute a breach of any: (a) Applicable Law; (b) fiduciary duty; or (c) duty of confidentiality. For purposes of this Clause, "**Applicable Law**" means any law or regulation including, but not limited to: (i) any statute or regulation; (ii) any rule or practice of any Authority by which any party to this Agreement is bound or with which it is accustomed to comply; (iii) any agreement between any Authorities; and (iv) any customary agreement between any Authority and any party, and "**Authority**" means any competent regulatory, prosecuting, tax or governmental authority in any jurisdiction; and

9.30 Holder to be treated as Owner: The Trustee shall (except as ordered by a court of competent jurisdiction or as required by law or otherwise instructed by the Issuer and/or the Guarantor, with the approval of the Trustee) be entitled to treat the registered holder of any Note as the absolute owner or owners of such Note for all purposes (whether or not overdue

and notwithstanding any notice of ownership or writing on the Certificate relating to such Note or any notice of previous loss or theft or of trust or other interest therein) and shall not be liable for so doing.

10 Remuneration and Indemnification of the Trustee

10.1 Normal Remuneration: So long as any Note remains outstanding, the Issuer (failing whom, the Guarantor) will pay the Trustee as remuneration for its services as Trustee such sum on such dates, in each case, as the Issuer, the Guarantor and the Trustee may from time to time in writing agree. Such remuneration will accrue from day to day from the date of this Trust Deed. However, if any payment to a Noteholder of moneys due in respect of any Note is improperly withheld or refused, such remuneration will again accrue as from the date of such withholding or refusal until payment to such Noteholder is duly made.

10.2 Extra Remuneration: If an Event of Default or Potential Event of Default shall have occurred, the Issuer and the Guarantor hereby agree that the Trustee shall be entitled to be paid additional remuneration calculated at its normal hourly rates in force from time to time. In any other case, if the Trustee finds it expedient or necessary or is requested by the Issuer or the Guarantor to undertake duties which they both agree to be of an exceptional nature or otherwise outside the scope of the Trustee's normal duties under this Trust Deed, the Issuer (failing whom, the Guarantor) will pay such additional remuneration as they may agree (and which may be calculated by reference to the Trustee's normal hourly rates in force from time to time) or, failing agreement as to any of the matters in this Clause 10.2 (or as to such sums referred to in Clause 10.1), as determined by a financial institution or person (acting as an expert) selected by the Trustee and approved by the Issuer or the Guarantor or, failing such approval, nominated by the President for the time being of The Law Society of England and Wales. The expenses involved in such nomination and such financial institution's fee will be borne by the Issuer (failing whom the Guarantor). The determination of such financial institution or person will be conclusive and binding on the Issuer, the Guarantor, the Trustee and the Noteholders.

10.3 Fees and Expenses: The Issuer (failing whom, the Guarantor) will also on demand by the Trustee discharge all fees, costs, charges, liabilities and expenses properly incurred by the Trustee in the preparation and execution of this Trust Deed and the performance of its functions under this Trust Deed, including but not limited to legal and travelling expenses and any stamp, issue, registration, documentary and other taxes or duties paid or payable by the Trustee in connection with any legal proceedings reasonably brought or contemplated by the Trustee against the Issuer or the Guarantor to enforce, or to resolve any doubt concerning, or for any other purpose in relation to, any provision of this Trust Deed. Such fees, costs, charges and expenses and any other amounts payable pursuant to Clause 10.4 will:

10.3.1 in the case of payments made by any person before demand, carry interest from the date of the demand at the rate of 2 per cent. per annum over the base rate of HSBC Bank plc on the date on which the Trustee or its Appointee made such payments; and

10.3.2 in other cases carry interest at such rate from 30 days after the date of the demand or (where the demand specifies that payment is to be made on an earlier date) from such earlier date.

All payments made by the Issuer or the Guarantor pursuant to this Clause 10.3 shall be made free and clear of, and without withholding or deduction for or on account of, any taxes,

duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or on behalf of any Relevant Jurisdiction, the United Kingdom, Luxembourg and Belgium or any political sub-division or any authority thereof or therein having power to tax, unless such withholding or deduction is required by law. In that event, the Issuer (failing whom, the Guarantor) shall pay such additional amounts as will result in the receipt by the Trustee of such amounts as would have been received by it if no such withholding or deduction had been required.

10.4 Indemnity: Without prejudice to the right of indemnity given by law to Trustees, the Issuer and the Guarantor will on demand jointly and severally indemnify the Trustee in respect of itself and any Appointee, in each case on an after-tax basis, and keep it or him indemnified against all liabilities and expenses to which it or he may become subject or which may be incurred by it or him in (A) the negotiation and preparation of this Trust Deed and the other transaction documents; (B) the execution or purported execution or exercise of any of its or his trusts, duties, rights, powers, authorities and discretions under this Trust Deed or any other transaction documents; or (C) its or his functions under any such appointment or in respect of any other matter or thing done or omitted in any way relating to this Trust Deed or any other transaction documents or any such appointment (including, without limitation, liabilities incurred in disputing or defending any of the foregoing).

10.5 Continuing Effect: Clauses 10.3 and 10.4 shall continue in full force as regards the Trustee even if it no longer is Trustee.

11 Provisions Supplemental to the Trustee Act 1925 and the Trustee Act 2000

11.1 Advice: The Trustee may rely and act on the advice, opinion or report of or any information obtained from any lawyer, accountant (including the Auditors), banker, valuer, surveyor, broker, auctioneer or other relevant expert (whether obtained by the Issuer, the Guarantor, any Substituted Obligor, the Trustee or otherwise, whether or not addressed to the Trustee, and whether or not the advice, opinion, report or information, or any engagement letter or other related document, contains a monetary or other limit on liability or limits the scope and/or basis of such advice, opinion, report or information). The Trustee may also rely and act upon certificates and/or information addressed to it from, or delivered by, the Issuer, the Guarantor, the Substituted Obligor or any one or more directors of the Issuer, the Guarantor or the Substituted Obligor or any of their respective auditors, liquidators, administrators or other insolvency officials. The Trustee will not be responsible to anyone for any liability occasioned by so acting. Any such advice, opinion or information may be sent or obtained by letter or e-mail and the Trustee shall not be liable for acting in good faith on any advice, opinion, report or information purporting to be conveyed by such means even if it contains an error or is not authentic. The Trustee shall be obliged to accept and be entitled to rely without liability on any such report, confirmation or certificate where the Issuer or the Guarantor procures delivery of the same pursuant to an obligation to do so under the Conditions or this Trust Deed and such report, confirmation or certificate shall be conclusive and binding on the Issuer, the Guarantor, the Trustee and the Noteholders. The Trustee may assume that any clearance, consent or approval which may be required, or any condition which has to be satisfied, before any payment can be made by the Issuer or the Guarantor under or in respect of the Notes or this Trust Deed has been so obtained or satisfied unless it has actual written notice to the contrary and it shall have no liability to any person for any payment incorrectly made nor any obligation to reimburse any person in respect of any such payment already made if it subsequently becomes apparent that the relevant clearance, consent or approval had not been obtained or the relevant condition has not been satisfied.

- 11.2 Trustee to Assume Performance:** The Trustee need not notify anyone of the execution of this Trust Deed or take any steps to find out whether an Event of Default or Potential Event of Default has occurred. Until it has actual knowledge or express notice pursuant to this Trust Deed to the contrary, the Trustee may assume that no Event of Default or Potential Event of Default has occurred and that the Issuer and the Guarantor are performing all of their respective obligations under this Trust Deed and the Notes.
- 11.3 Resolutions of Noteholders:** The Trustee will not be responsible for having acted in good faith on a resolution purporting (A) to have been passed at a meeting of Noteholders in respect of which minutes have been made and signed or (B) to be a written or electronic resolution made in accordance with Paragraph 22 of Schedule 3, even if it is later found that there was a defect in the constitution of the meeting or the passing of the resolution or that the resolution was not valid or binding on the Noteholders.
- 11.4 Certificate Signed by Directors:** If the Trustee, in the exercise of its functions, requires to be satisfied or to have information as to any fact or the expediency of any act, it may call for and accept as sufficient evidence of that fact or the expediency of that act a certificate of the Issuer or the Guarantor signed by any two Directors of the Issuer or the Guarantor, as applicable. The Trustee need not call for further evidence and will not be responsible for any liability that may be occasioned by acting on such a certificate.
- 11.5 Deposit of Documents:** The Trustee may appoint as custodian, on any terms, any bank or entity whose business includes the safe custody of documents or any lawyer or firm of lawyers believed by it to be of good repute and may deposit this Trust Deed and any other documents with such custodian and pay all sums due in respect thereof. The Trustee is not obliged to appoint a custodian of securities payable to bearer.
- 11.6 Discretion:** The Trustee will have absolute and uncontrolled discretion as to the exercise of its functions and will not be responsible for any loss, liability, cost, claim, action, demand, expense or inconvenience which may result from their exercise or non-exercise.
- 11.7 Agents:** Whenever it considers it expedient, the Trustee may, in the conduct of its trust business, instead of acting personally, employ and pay an agent selected by it, whether or not a lawyer or other professional person, to transact or conduct, or concur in transacting or conducting, any business and to do or concur in doing all acts required to be done by the Trustee (including the receipt and payment of money).
- 11.8 Delegation:** The Trustee may delegate to any person on any terms (including power to sub-delegate) all or any of its functions.
- 11.9 Nominees:** In relation to any asset held by it under this Trust Deed, the Trustee may appoint any person to act as its nominee on any terms.
- 11.10 Forged Notes:** The Trustee will not be liable to the Issuer, the Guarantor or any Noteholder by reason of having accepted as valid or not having rejected any entry in the Register or any Note or Certificate purporting to be such and later found to be forged or not authentic.
- 11.11 Confidentiality:** Unless ordered to do so by a court of competent jurisdiction, the Trustee shall not be required to disclose to any Noteholder any confidential financial or other information made available to the Trustee by the Issuer or the Guarantor.
- 11.12 Determinations Conclusive:** As between itself and the Noteholders, the Trustee may determine all questions and doubts arising in relation to any of the provisions of this Trust Deed. Such determinations, whether made upon such a question actually raised or implied

in the acts or proceedings of the Trustee, will be conclusive and shall bind the Trustee and the Noteholders.

- 11.13 Currency Conversion:** Where it is necessary or desirable to convert any sum from one currency to another, it will (unless otherwise provided hereby or required by law) be converted at such rate or rates, in accordance with such method and as at such date as may reasonably be specified by the Trustee but having regard to current rates of exchange, if available. Any rate, method and date so specified will be binding on the Issuer, the Guarantor and the Noteholders.
- 11.14 Responsibility for Agents etc.:** The Trustee will not have any obligation to supervise any Appointee or be responsible for any loss, liability, cost, claim, action, demand or expense incurred by reason of the Appointee's misconduct or default or the misconduct or default of any substitute appointed by the Appointee.
- 11.15 Payment for and Delivery of Notes:** The Trustee will not be responsible for the receipt or application by the Issuer or the Guarantor (as the case may be) of the proceeds of the issue of the Notes, any exchange of Notes or the delivery of Notes to the persons entitled to them.
- 11.16 Notes Held by the Issuer, the Guarantor etc.:** In the absence of actual knowledge or express notice to the contrary, the Trustee may assume without enquiry (other than requesting a certificate of the Issuer or the Guarantor under Clause 9.21) that no Notes are for the time being held by or on behalf of the Issuer, the Guarantor or any of their respective Subsidiaries.

11.17 FSMA

11.17.1 Notwithstanding anything in this Trust Deed, the Agency Agreement, the Notes or any other related document to the contrary, the Trustee shall not do, or be authorised or required to do, anything which might constitute a regulated activity for the purpose of FSMA, unless it is authorised under FSMA to do so. The Trustee shall have the discretion at any time:

- (i) to delegate any of the functions which fall to be performed by an authorised person under FSMA to any other agent or person which also has the necessary authorisations and licences; and
- (ii) to apply for authorisation under FSMA and perform any or all such functions itself if, in its absolute discretion, it considers it necessary, desirable or appropriate to do so.

11.17.2 Nothing in this Trust Deed shall require the Trustee to assume an obligation of the Issuer or the Guarantor arising under any provisions of the listing, prospectus, disclosure or transparency rules (or the equivalent rules of any other competent authority besides the FCA).

- 11.18 Substitution and Variation:** Nothing contained in this Trust Deed or the Notes shall require the Trustee to consider whether the rights of Noteholders are prejudiced or potentially prejudiced by any substitution or variation of the Notes pursuant to Condition 8(e) or 8(f) or any substitution of the Issuer or the Guarantor pursuant to Condition 15.
- 11.19 Own funds:** Nothing contained in this Trust Deed, the Notes, the Agency Agreement or any related document shall require the Trustee to expend or risk its own funds or otherwise incur any financial liability in the performance of its duties or the exercise of any right, power, authority or discretion hereunder if it has grounds for believing the repayment of such funds

or adequate indemnity, or security for, against such risk or liability is not reasonably assured to it.

- 11.20 Illegality:** Notwithstanding anything else contained in this Trust Deed, the Notes, the Agency Agreement or any related document, the Trustee may refrain from (A) doing anything which would or might in its opinion be illegal or contrary to any law of any jurisdiction or any directive or regulation of any agency of any state (including, without limitation, Section 619 of the Dodd-Frank Wall Street Reform and Consumer Protection Act), or which would or might otherwise render it liable to any person and may do anything which is, in its opinion, necessary to comply with any such law, directive or regulation, or (B) doing anything which may cause the Trustee to be considered a sponsor of a covered fund under Section 619 of the Dodd-Frank Wall Street Reform and Consumer Protection Act and any regulations promulgated thereunder.
- 11.21 Rating Agency Reports:** The Trustee shall be entitled to request and rely upon any information or report provided by any credit rating agency of international standing which has assigned a rating to the Notes whether addressed to the Trustee or any other person.
- 11.22 Rating Agency Affirmation:** The Trustee shall be entitled to assume, without further investigation or inquiry, for the purpose of exercising or performing any right, power, trust, authority, duty or discretion under or in relation to the Trust Deed or any other related document (including, without limitation, any consent, approval, modification, waiver, authorisation or determination), that such exercise or performance will not be materially prejudicial to the interests of the Noteholders, if any credit rating agency of international standing which has assigned a rating to the Notes has confirmed in writing (whether or not such confirmation is addressed to, or provides that it may be relied upon by, the Trustee and irrespective of the method by which such confirmation is conveyed) that the then current rating by it of the outstanding Notes would not be adversely affected or withdrawn in connection therewith.
- 11.23 No Responsibility for Rating:** The Trustee will have no responsibility for the obtaining or maintenance of any rating of the Notes by a credit rating agency of international standing or any other person.
- 11.24 Clearing Systems:** The Trustee may call for and shall be at liberty to accept and place full reliance on as sufficient evidence thereof any certificate or other document issued by Euroclear or Clearstream, Luxembourg or any other relevant clearing system in relation to the principal amount of the Notes beneficially owned by any person. Any such certificate or other document shall, in the absence of manifest error, be conclusive and binding for all purposes. Any such certificate or other document may comprise any form of statement or print out of electronic records provided by the relevant clearing system (including Euroclear's EUCLID or Clearstream, Luxembourg's Creation Online system) in accordance with its usual procedures and in which the holder of a particular principal amount of the Notes is clearly identified together with the amount of such holding. The Trustee shall not be liable to the Issuer, the Guarantor, any Noteholder or any other person by reason of having accepted as valid or not having rejected any certificate, letter of confirmation or other document to such effect purporting to be issued by Euroclear or Clearstream, Luxembourg or any other relevant clearing system as to the principal amount of the Notes beneficially owned by any person or any other matter and subsequently found to be forged or not authentic.
- 11.25 Legal Opinions:** The Trustee shall not be responsible to any person for failing to request, require or receive any legal opinion relating to any Notes or for checking or commenting

upon the content of any such legal opinion and shall not be responsible for any liability incurred thereby.

11.26 Withholding Tax by the Trustee and Right to Deduct or Withhold: Notwithstanding anything contained herein, to the extent required by any applicable law, if the Trustee is required to make any deduction or withholding from any distribution or payment made by it under this Trust Deed or if the Trustee is otherwise charged to, or may become liable to, tax as a consequence of performing its duties under this Trust Deed and whether by reason of any assessment, prospective assessment or other imposition of liability to taxation of whatsoever nature and whensoever made upon the Trustee, and whether in connection with or arising from any sums received or distributed by it or to which it may be entitled under this Trust Deed or any Notes from time to time representing the same, including any income or gains arising therefrom, or any action of the Trustee in or about the administration of the trusts hereunder or otherwise, in any case other than any tax generally payable by the Trustee on its income, then the Trustee shall be entitled to make such deduction or withholding or (as the case may be) to retain out of sums received by it in respect of this Trust Deed an amount sufficient to discharge any liability to tax which relates to sums so received or distributed or to discharge any such other liability of the Trustee to tax from the funds held by the Trustee on the trusts hereunder.

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

11.28 Recitals and Monitoring: The Trustee shall not be responsible for the execution, effectiveness, adequacy or enforceability of the Trust Deed or the Agency Agreement, and shall not be responsible for (or for investigating any matter which is the subject of) any recital, statement, representation, warranty or covenant of any person contained in this Trust Deed, or otherwise in respect of or in relation to this Trust Deed or any other agreement or document relating to the transactions herein or therein contemplated nor shall the Trustee be under any obligation to monitor or supervise the functions of any other person under this Trust Deed or any other agreement or document relating to the transactions herein or therein contemplated and shall be entitled, in the absence of actual knowledge of a breach of obligation, to assume that each such person is properly performing and complying with its obligations.

12 Trustee Liable for Negligence

12.1 Trustee Act 2000: Section 1 of the Trustee Act 2000 shall not apply to the duties of the Trustee in relation to the trusts constituted by the Trust Deed. Where there are any inconsistencies between the Trustee Act 2000 and the provisions of this Trust Deed, the provisions of this Trust Deed shall prevail to the extent allowed by law. In the case of an

inconsistency with the Trustee Act 2000, the provisions of this Trust Deed shall take effect as a restriction or exclusion for the purposes of that Act.

12.2 Companies Act: Subject to Sections 750 and 751 of the Companies Act (if applicable) and notwithstanding anything to the contrary in this Trust Deed, the Notes, the Agency Agreement or any related document, the Trustee shall not be liable to any person for any matter or thing done or omitted in any way in connection with or in relation to this Trust Deed, the Notes or the Agency Agreement save in relation to its own gross negligence, wilful default or fraud having regard to the provisions of this Trust Deed, the Notes and the Agency Agreement conferring on it any trusts, powers, authorities or discretions.

12.3 Liability for Actual Loss only: Any liability of the Trustee arising under the Trust Deed, the Notes, the Agency Agreement or any related document shall be limited to the amount of actual loss suffered (such loss shall be determined as at the date of default of the Trustee or, if later, the date on which the loss arises as a result of such default) but without reference to any special conditions or circumstances known to the Trustee at the time of entering into the Trust Deed, the Notes or the Agency Agreement, or at the time of accepting any relevant instructions, which increase the amount of the loss. In no event shall the Trustee be liable for any loss of profits, goodwill, reputation, business opportunity or anticipated saving, or for special, punitive or consequential loss or damage of any kind whatsoever, whether or not foreseeable, whether or not the Trustee has been advised of the possibility of such loss or damage and regardless of the form of action. This Clause 12.3 shall not apply in the event that a court with jurisdiction determines that the Trustee has acted fraudulently, or to the extent the limitation of such liability would be precluded by virtue of Sections 750 and 751 of the Companies Act.

13 Waiver, Enforcement and Proof of Default

13.1 Waiver: The Trustee may, without the consent of the Noteholders and without prejudice to its rights in respect of any subsequent breach, from time to time and at any time, if in its opinion the interests of the Noteholders will not be materially prejudiced thereby, waive or authorise, on such terms as seem expedient to it, any breach or proposed breach by the Issuer or the Guarantor of this Trust Deed or the Conditions or determine that an Event of Default or Potential Event of Default will not be treated as such, provided that the Trustee will not do so in contravention of an express direction given by an Extraordinary Resolution or a request made pursuant to Condition 12. No such direction or request will affect a previous waiver, authorisation or determination. Any such waiver, authorisation or determination will be binding on the Noteholders and, if the Trustee so requires, will be notified to the Noteholders as soon as practicable.

13.2 Legal Proceedings: The Trustee may at any time and subject to the terms of this Trust Deed and the relevant Conditions, at its discretion and without further notice, institute such steps, actions or proceedings as it may think fit against the Issuer or the Guarantor (as the case may be) to recover any amounts due in respect of the Notes which are unpaid or to enforce any of its rights under this Trust Deed or the Conditions, but it shall not be bound to take any such steps, actions or proceedings unless (A) it shall have been so requested by an Extraordinary Resolution or so requested in writing by the holders of at least one fifth in principal amount of the Notes then outstanding and (B) it shall have been indemnified and/or secured and/or pre-funded to its satisfaction against all liabilities, proceedings, claims and demands to which it may be or become liable and all costs, charges and expenses which may be incurred by it in connection therewith and provided that the Trustee shall not be held

liable for the consequence of taking any such action and may take such action without having regard to the effect of such action on individual Noteholders. Only the Trustee may enforce the provisions of the Notes or this Trust Deed and no Noteholder shall be entitled to proceed directly against the Issuer or the Guarantor unless the Trustee, having become bound so to proceed, fails or is unable to do so within 60 days and such failure or inability is continuing.

13.3 Limitation on Remedies: Save as contemplated by Clause 13.5, no remedy against the Issuer or the Guarantor shall be available to the Trustee, or the Noteholders, other than:

13.3.1 if (1) neither an Issuer Winding-Up nor a Guarantor Winding-Up has occurred or (2) an Issuer Winding-Up occurs at any time when a Guarantor Winding-Up has not also occurred or is not occurring and, in either case, the Issuer is in default in the payment of any interest or of any principal due in respect of the Notes or any of them, then the Trustee and the Noteholders may, in accordance with the terms of the Guarantee, but subject also to Clause 7.1 and Conditions 3(c), 6(a), 6(b), 6(e) and 8(b), claim under the Guarantee for such payments due but may take no further or other action to enforce, prove or claim for any payment by the Issuer in respect of the Notes or this Trust Deed;

13.3.2 if an Issuer Winding-Up occurs at any time when a Guarantor Winding-Up has also occurred or is occurring, (1) give notice to the Issuer that the Notes are, and they shall accordingly forthwith become, immediately due and payable at their principal amount, together with any Arrears of Interest and any other accrued and unpaid interest and (2) prove in the relevant winding-up or administration of the Issuer and/or the Guarantor (whether in England and Wales or elsewhere) and/or claim in the liquidation of the Issuer and/or the Guarantor (whether in England and Wales or elsewhere), but may take no further or other action to enforce, prove or claim for any payment by the Issuer or the Guarantor in respect of the Notes or this Trust Deed (including, without limitation, the Guarantee); and/or

13.3.3 if (1) default is made by the Guarantor for a period of 14 days or more in the payment of any amount due under the Guarantee or (2) a Guarantor Winding-Up occurs at any time when an Issuer Winding-Up has not also occurred, (a) give notice to the Issuer that the Notes are, and they shall accordingly forthwith become, immediately due and payable at an amount equal to their principal amount together with any Arrears of Interest and any other accrued and unpaid interest and (b) in the case of Clause 13.3(C)(1), institute proceedings for the winding-up of the Guarantor in England and Wales (but not elsewhere) and, in the case of Clause 13.3(C)(1) or Clause 13.3(C)(2) prove in the winding-up or administration of the Guarantor (whether in England and Wales or elsewhere) and/or claim in the liquidation of the Guarantor (whether in England and Wales or elsewhere),

in each case, as more fully described in Condition 12.

13.4 Enforcement of Non-payment Obligations: Without prejudice to Clause 13.3 and save as contemplated by Clause 13.5, the Trustee may at its discretion and without further notice institute such proceedings or take such steps or actions against the Issuer or the Guarantor as it may think fit to enforce any term or condition binding on the Issuer or the Guarantor (as the case may be) under this Trust Deed or the Notes (other than any payment obligation of the Issuer or the Guarantor under or arising from the Notes or this Trust Deed (including the Guarantee), including any payment of damages awarded for breach of any obligations thereunder) but in no event shall the Issuer or the Guarantor, by virtue of the institution of

any such proceedings or the taking of such steps or actions, be obliged to pay any sum or sums, in cash or otherwise, sooner than the same would otherwise have been payable by it. Nothing in this Clause 13.4 shall, however, prevent the Trustee or the Noteholders from pursuing the remedies to which they are entitled pursuant to Clause 13.3 or Clause 13.5.

13.5 Rights of the Trustee: Nothing in this Trust Deed or the Conditions shall affect or prejudice the payment of the costs, fees, charges, expenses, liabilities or remuneration of the Trustee or other amounts payable to the Trustee or any Appointee under this Trust Deed or the rights and remedies of the Trustee or any Appointee in respect thereof.

13.6 Proof of Default: Proof that the Issuer or the Guarantor has failed to pay a sum due to the holder of any one Note pursuant to the Notes or the Guarantee will (unless the contrary be proved) be sufficient evidence that it has made the same default as regards all other Notes which are then payable.

14 Trustee not Bound to Act

14.1 Trustee Discretion: In relation to any discretion to be exercised or action to be taken by the Trustee under the Trust Deed, the Notes, the Agency Agreement or any related document, the Trustee may, at its discretion and without further notice or shall, if it has been so directed by an Extraordinary Resolution of the Noteholders then outstanding or so requested in writing by the holders of at least one fifth in principal amount of such Notes, exercise such discretion or take such action, provided that (A) in either case, the Trustee shall not be obliged to exercise such discretion or take such action unless it shall have been indemnified and/or secured and/or pre-funded to its satisfaction against all liabilities; and (B) the Trustee shall not be held liable for the consequences of exercising its discretion or taking any such action and may do so without having regard to the effect of such action on individual Noteholders.

When determining whether an indemnity or any security or pre-funding is satisfactory to it, the Trustee shall be entitled (i) to evaluate its risk in any given circumstance by considering the worst-case scenario and (ii) to require that any indemnity or security given to it by the Noteholders or any of them be given on a joint and several basis and be supported by evidence satisfactory to it as to the financial standing and creditworthiness of each counterparty and/or as to the value of the security and an opinion as to the capacity, power and authority of each counterparty and/or the validity and effectiveness of the security.

14.2 Compliance with law: The Trustee may refrain from taking any action in any jurisdiction if the taking of such action in that jurisdiction would, in its opinion based upon legal advice in the relevant jurisdiction, be contrary to any law of that jurisdiction. Furthermore, the Trustee may also refrain from taking such action if it would otherwise render it liable to any person in that jurisdiction or if, in its opinion based upon such legal advice, it would not have the power to do the relevant thing in that jurisdiction by virtue of any applicable law in that jurisdiction or if it is determined by any court or other competent authority in that jurisdiction that it does not have such power.

15 Trustee not Precluded from Entering into Contracts

The Trustee and any other person (including its directors and officers), whether or not acting for itself, may (A) acquire, hold or dispose of any Note or other security (or any interest therein) of the Issuer, the Guarantor, any of their respective Subsidiaries or any other person; (B) enter into or be interested in any contract or transaction with any such person; and (C)

act on, or as depository or agent for, any committee or body of holders of any securities of any such person in each case with the same rights as it would have had if the Trustee were not acting as Trustee and need not account for any profit to the Noteholders or any other person.

16 Modification, Substitution and Redemption

16.1 Modification: Any modification to the Trust Deed will be subject to the Issuer or the Guarantor satisfying the Regulatory Clearance Condition. Subject thereto, the Trustee may agree with the Issuer and/or the Guarantor without the consent of the Noteholders to any modification of, or to the waiver or authorisation of any breach or proposed breach of, any of the Conditions or any of the provisions of the Trust Deed:

16.1.1 which is not, in the opinion of the Trustee, materially prejudicial to the interests of the Noteholders;

16.1.2 which is, in its opinion, is of a formal, minor or technical nature or to correct a manifest error; or

16.1.3 which is required in connection with Condition 8(e), 8(f) or 15,

in each case, provided that such power does not extend to any such modification as is mentioned in the proviso to Paragraph 3 of Schedule 3 unless it relates to the substitution or variation of the Notes pursuant to Condition 8(e) or 8(f) or any consequential amendments to the Conditions and/or this Trust Deed approved by the Trustee in connection with a substitution of the Issuer or the Guarantor pursuant to Clause 16.2.

16.2 Substitution:

16.2.1 Subject to the Issuer or the Guarantor (as the case may be) obtaining the prior approval of the PRA in respect thereof, the Trustee shall, at the request of the Issuer and the Guarantor, agree with the Issuer and the Guarantor without the consent of the Noteholders:

(i) to the substitution of the Guarantor in place of the Issuer as principal debtor under the Trust Deed and the Notes; or

(ii) (subject to the Notes remaining unconditionally and irrevocably guaranteed on a subordinated basis, in accordance with Condition 4, by the Guarantor) to the substitution of a Subsidiary or parent company of the Issuer or its successor in business or the Guarantor or its successor in business in place of the Issuer or any previous substitute under this Clause 16 as principal debtor under this Trust Deed and the Notes; or

(iii) to the substitution of a successor in business to the Guarantor in place of the Guarantor or any previous substitute under this Clause 16,

(each such substitute being hereinafter referred to as the “**Substituted Obligor**”), provided that in each case:

(a) a trust deed or some other form of undertaking, supported by one or more legal opinions, is executed by the Substituted Obligor in a form and manner satisfactory to the Trustee, agreeing to be bound by the terms of this Trust Deed and (in the case of Clause 16.2.1(i) and Clause 16.2.1(ii) above) the Notes, with any consequential

amendments which the Trustee may deem appropriate, as fully as if the Substituted Obligor had been named in this Trust Deed and (in the case of Clause 16.2.1(i) and Clause 16.2.1(ii) above) the Notes, as the principal debtor in place of the Issuer (in the case of Clause 16.2.1(i) and Clause 16.2.1(ii) above) or as the guarantor in place of the Guarantor (in the case of Clause 16.2.1(iii) above) (or of any previous relevant Substituted Obligor, as the case may be);

- (b) the Substituted Obligor delivers to the Trustee one or more legal opinions addressed to the Trustee, the Issuer and the Guarantor in a form approved by, and provided to, the Trustee that (i) the Substituted Obligor has obtained all necessary governmental and regulatory approvals and consents necessary for its assumptions of the duties and liabilities as Substituted Obligor under this Trust Deed and (in the case of Clause 16.2.1(i) and Clause 16.2.1(ii) above) the Notes in place of the Issuer or the Guarantor (as applicable) or, as the case may be, any previous Substituted Obligor and (ii) such approvals and consents are at the time of substitution in full force and effect. The Trustee may rely absolutely on such legal opinions without liability to any person and without any obligation to verify or investigate the accuracy thereof;
- (c) two Directors (or other officers acceptable to the Trustee) of the Substituted Obligor certify that the Substituted Obligor is solvent at the time at which the substitution is proposed to be in effect and immediately thereafter and the Trustee may rely absolutely on such certification without liability to any person and shall not be bound to have regard to the financial condition, profits or prospects of the Substituted Obligor or to compare the same with those of the Issuer or (as the case may be) the Guarantor or (as the case may be) any previous Substituted Obligor;
- (d) (without prejudice to the generality of the foregoing) the Trustee may, in the event of such substitution agree, without the consent of the Noteholders, to a change in the law governing this Trust Deed and/or the Notes if in the opinion of the Trustee such change would not be materially prejudicial to the interests of the Noteholders;
- (e) if the Substituted Obligor is, or becomes, subject generally to the taxing jurisdiction of a territory or any authority of or in that territory with power to tax (the “**Substituted Territory**”) other than the territory of the taxing jurisdiction of which (or to any such authority of or in which) the Issuer or (as the case may be) the Guarantor (or any previous Substituted Obligor) is subject generally (the “**Original Territory**”), the Substituted Obligor will (unless the Trustee otherwise agrees) give to the Trustee an undertaking satisfactory to the Trustee in terms corresponding to Condition 10 with the substitution for the references in that Condition and in the term “**Relevant Jurisdiction**” as applied in Condition 8(e) to the Original Territory of references to the Substituted Territory whereupon the Trust Deed and the Notes will be read accordingly;

- (f) the Issuer, the Guarantor and the Substituted Obligor comply with such other requirements as the Trustee considers in its absolute discretion to be appropriate; and
- (g) in the case of a substitution of the Guarantor pursuant to Clause 16(A)(iii) only, if the Notes are rated (where such rating was assigned or is then being maintained at the request or with the cooperation of the Issuer or the Guarantor) by one or more credit rating agencies of international standing immediately prior to such substitution, the Notes shall continue to be rated by each such rating agency immediately following such substitution, and the credit ratings assigned to the Notes by each such rating agency immediately following such substitution are to be no less than those assigned to the Notes immediately prior thereto.

16.2.2 Release of Substituted Issuer or Guarantor: An agreement by the Trustee pursuant to this Clause 16.2 will, if so expressed, release the Issuer or, where applicable, the Guarantor (or a previous substitute of either of them) from any or all of its obligations under this Trust Deed and the Notes. Notice of the substitution will be given to the Noteholders within 14 days of the execution of such documents and compliance with such requirements.

16.2.3 Completion of Substitution: On completion of the formalities set out in this Clause 16.2, the Substituted Obligor will be deemed to be named in this Trust Deed and the Notes as the principal debtor in place of the Issuer (or of any previous substitute) or as the Guarantor (or of any previous substitute) as the case may be and this Trust Deed and the Notes will be deemed to be amended as necessary to give effect to the substitution.

16.2.4 Transfer of Business of the Issuer: This Clause 16.2 is without prejudice to, and shall have no effect upon the operation of, Condition 17.

16.3 Redemption: For the avoidance of doubt, Notes may be redeemed only in accordance with the provisions of Condition 8.

17 Appointment, Retirement and Removal of the Trustee

17.1 Appointment: Subject as provided in Clause 17.2 below, the Issuer has the power of appointing new trustees but no-one may be so appointed unless previously approved by an Extraordinary Resolution. A trust corporation will at all times be a Trustee and may be the sole Trustee. Any appointment of a new Trustee will be notified by the Issuer to the Noteholders as soon as practicable.

17.2 Retirement and Removal: Any Trustee may retire at any time on giving at least three months' written notice to the Issuer and the Guarantor without giving any reason or being responsible for any costs occasioned by such retirement and the Noteholders may by Extraordinary Resolution remove any Trustee provided that the retirement or removal of a sole trust corporation will not be effective until a trust corporation is appointed as successor Trustee. If a sole trust corporation gives notice of retirement or an Extraordinary Resolution is passed for its removal, the Issuer will use all reasonable endeavours to procure that another trust corporation be appointed as Trustee but if the Issuer fails to do so before the expiry of such three months' notice period, the Trustee shall have the power to appoint a new Trustee.

17.3 Co-Trustees: The Trustee may, despite Clause 17.1, by written notice to the Issuer and the Guarantor appoint anyone to act as an additional Trustee jointly with the Trustee:

17.3.1 if the Trustee considers the appointment to be in the interests of the Noteholders;

17.3.2 to conform with a legal requirement, restriction or condition in a jurisdiction in which a particular act is to be performed; or

17.3.3 to obtain a judgment or to enforce a judgment in any jurisdiction against the Issuer or the Guarantor or any provision of this Trust Deed in any jurisdiction.

Subject to the provisions of this Trust Deed, the Trustee may confer on any person so appointed such functions as it thinks fit. The Trustee may by written notice to the Issuer, the Guarantor and that person remove that person. At the Trustee's written request, the Issuer and the Guarantor will forthwith do all things as may be required to perfect such appointment or removal and each of them irrevocably appoints the Trustee as its attorney in its name and on its behalf to do so.

17.4 Competence of a Majority of Trustees: If there are more than two Trustees, the majority of them will be competent to perform the Trustee's functions, provided the majority includes a trust corporation.

17.5 Merger: Any corporation into which the Trustee may be merged or converted or with which it may be consolidated, or any corporation resulting from any merger, conversion or consolidation to which the Trustee shall be a party, or any corporation succeeding to all or substantially all the corporate trust business of the Trustee, shall be the successor of the Trustee hereunder without the execution or filing of any paper or any further act on the part of any of the parties hereto.

18 Currency Indemnity

18.1 Currency of Account and Payment: Sterling (the "**Contractual Currency**") is the sole currency of account and payment for all sums payable by the Issuer or the Guarantor under or in connection with this Trust Deed and the Notes, including damages shall be made in the Contractual Currency.

18.2 Extent of Discharge: An amount received or recovered in a currency other than the Contractual Currency (whether as a result of, or of the enforcement of, a judgment or order of a court of any jurisdiction, in the insolvency, winding-up or dissolution of the Issuer or the Guarantor or otherwise), by the Trustee or any Noteholder in respect of any sum expressed to be due to it from the Issuer or the Guarantor will only discharge the Issuer or the Guarantor to the extent of the Contractual Currency amount which the recipient is able to purchase with the amount so received or recovered in that other currency on the date of that receipt or recovery (or, if it is not practicable to make that purchase on that date, on the first date on which it is practicable to do so).

18.3 Indemnity: If that Contractual Currency amount is less than the Contractual Currency amount expressed to be due to the recipient under this Trust Deed or the Notes, the Issuer (failing whom, the Guarantor) will indemnify it, on an after tax basis, against any loss sustained by it as a result. In any event, the Issuer (failing whom, the Guarantor) will indemnify the recipient, on an after tax basis, against the cost of making any such purchase.

18.4 Indemnity Separate: The indemnities in this Clause 18 and in Clause 10.4 constitute separate and independent obligations from the other obligations in this Trust Deed, will give

rise to a separate and independent cause of action, will apply irrespective of any indulgence granted by the Trustee and/or any Noteholder and will continue in full force and effect despite any judgment, order, claim or proof for a liquidated amount in respect of any sum due under this Trust Deed and/or the Notes or any other judgment or order.

19 Communications

19.1 Method and Addresses: All communications shall be by e-mail or letter delivered by hand. Each communication shall be made to the relevant party at the e-mail address or address and marked for the attention of the person or department from time to time specified in writing by that party to the others for this purpose. The initial e-mail address, address and person or department so specified by each party are set out below:

in the case of notices to the Issuer or the Guarantor, to it at:

55 Gracechurch Street
London EC3V 0RL
United Kingdom

E-mail: cosec@royallondon.com
Attn.: The Royal London Group Company Secretary

and, in the case of notices to the Trustee, to it at:

HSBC Corporate Trustee Company (UK) Limited
8 Canada Square
London E14 5HQ
United Kingdom

E-mail: ctla.trustee.admin@hsbc.com
Attn.: Issuer Services Trustee Administration

19.2 Effectiveness: A communication shall be deemed received (if by letter) when delivered or (if by e-mail) when (A) the relevant receipt of such e-mail being read is given or (B) where no read receipt is requested by the sender or where a read receipt is requested by the sender but is not given by the recipient, at the time of sending, provided that no delivery failure notification is received by the sender within 24 hours of sending such e-mail. Notwithstanding the preceding sentence, if a communication is received after 5.00 p.m. on a business day or on a day which is not a business day in the place of receipt it shall be deemed to be received and become effective at the opening of business on the next business day in the place of receipt. Every communication shall be irrevocable save in respect of any manifest error therein.

20 Further Issues

20.1 Supplemental Trust Deed: If the Issuer issues further securities as provided in the Conditions, the Issuer and the Guarantor shall, before their issue, execute and deliver to the Trustee a deed supplemental to this Trust Deed containing such provisions (corresponding to any of the provisions of this Trust Deed) as the Trustee may require.

20.2 Meetings of Noteholders: If the Trustee so directs, Schedule 3 shall apply equally to Noteholders and to holders of any securities issued pursuant to the Conditions as if references in it to “Notes” and “Noteholders” were also to such securities and their holders respectively.

21 Miscellaneous

- 21.1 Certificates:** The Trustee shall be entitled to rely absolutely on any certificate delivered to pursuant to this Trust Deed without liability to any person and without any obligation to verify or investigate the accuracy thereof.
- 21.2 Time:** Time shall be of the essence in this Trust Deed.
- 21.3 Counterparts:** This Trust Deed may be executed in any number of counterparts, all of which, taken together, shall constitute one and the same agreement and any party may enter into this Trust Deed by executing a counterpart.
- 21.4 Contracts (Rights of Third Parties) Act 1999:** A person who is not a party to this Trust Deed has no right under the Contracts (Rights of Third Parties) Act 1999 to enforce any term of this Trust Deed, except and to the extent (if any) that this Trust Deed expressly provides for such Act to apply to any of its terms.

22 Governing Law and Jurisdiction

- 22.1 Governing Law:** This Trust Deed and any non-contractual obligations arising out of or in connection with it shall be governed by and construed in accordance with English law.
- 22.2 Jurisdiction:** The courts of England are to have jurisdiction to settle any disputes which may arise out of or in connection with this Trust Deed or the Notes, and any non-contractual obligations arising out of or in connection with them, and accordingly any legal action or proceedings arising out of or in connection with this Trust Deed or the Notes ("**Proceedings**") may be brought in such courts. Each of the Issuer and the Guarantor irrevocably submits to the jurisdiction of such courts and waives any objections to Proceedings in any such courts on the ground of venue or on the ground that the Proceedings have been brought in an inconvenient forum. This Clause 22.2 is for the benefit of each of the Trustee and the Noteholders and shall not limit the right of any of them to take Proceedings in any other court of competent jurisdiction nor shall the taking of Proceedings in any one or more jurisdictions preclude the taking of Proceedings in any other jurisdiction (whether concurrently or not).

Schedule 1

Part 1 : Form of Global Certificate

THE NOTES REPRESENTED BY THIS GLOBAL CERTIFICATE AND THE GUARANTEE HAVE NOT BEEN REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933 (THE “**SECURITIES ACT**”) OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES AND MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED UNDER THE SECURITIES ACT EXCEPT IN AN OFFSHORE TRANSACTION IN ACCORDANCE WITH RULE 903 OR RULE 904 OF REGULATION S UNDER THE SECURITIES ACT.

ISIN: XS2061962465

Common Code: 206196246

RL FINANCE BONDS NO. 4 PLC

*(incorporated with limited liability in England and Wales
with registered number 12187449)*

£600,000,000 4.875 per cent. Fixed Rate Reset Callable Guaranteed Subordinated Notes due 2049

guaranteed by

THE ROYAL LONDON MUTUAL INSURANCE SOCIETY LIMITED

*(incorporated with limited liability by guarantee in England and Wales
with registered number 99064)*

GLOBAL CERTIFICATE

The Notes in respect of which this Global Certificate is issued form part of the series designated as specified in the title (the “**Notes**”) of RL Finance Bonds No. 4 plc (the “**Issuer**”) guaranteed on a subordinated basis by The Royal London Mutual Insurance Society Limited (the “**Guarantor**”).

The Issuer hereby certifies that HSBC Issuer Services Common Depositary Nominee (UK) Limited is, at the date hereof, entered in the register of Noteholders as the holder of Notes in the principal amount of:

£600,000,000

(SIX HUNDRED MILLION POUNDS STERLING)

or such other amount as is shown on the register of Noteholders as being represented by this Global Certificate and is duly endorsed (for information purposes only) in the third column of the Schedule to this Global Certificate. For value received, the Issuer promises to pay the person who appears at the relevant time on the register of Noteholders as holder of the Notes in respect of which this Global Certificate is issued, such amount or amounts as shall become due and payable from time to time in respect of such Notes and otherwise to comply with the Conditions referred to below.

The Notes are constituted by a trust deed dated 7 October 2019 (the “**Trust Deed**”) between the Issuer, the Guarantor and HSBC Corporate Trustee Company (UK) Limited as trustee (the “**Trustee**”) and are subject to the Trust Deed and the terms and conditions (the “**Conditions**”) set out in Schedule 2 to the Trust Deed, as modified by the provisions of this Global Certificate. Terms defined in the Trust Deed have the same meaning when used herein.

This Global Certificate is evidence of entitlement only.

Title to the Notes passes only on transfer and due registration of Noteholders and only the duly registered holder is entitled to payments on Notes in respect of which this Global Certificate is issued.

The statements set out in the legend above are an integral part of the Note or Notes in respect of which this Global Certificate is issued and by acceptance hereof each holder or beneficial owner of the Notes evidenced by this Global Certificate or any owner of an interest in such Notes agrees to be subject to and bound by the terms of such legend.

Amendments to Conditions

The Conditions are modified as follows in so far as they apply to the Notes represented by this Global Certificate as issued.

Relationship of Accountholders with Clearing Systems

Each of the persons shown in the records of Euroclear Bank SA/NV ("**Euroclear**"), Clearstream Banking S.A. ("**Clearstream, Luxembourg**") or any other clearing system ("**Alternative Clearing System**") as the holder of a Note represented by this Global Certificate must look solely to Euroclear, Clearstream, Luxembourg or such Alternative Clearing System (as the case may be) for its share of each payment made by or on behalf of the Issuer or the Guarantor to (or to the order of) the holder of this 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 or the Guarantor in respect of payments due on the Notes for so long as the Notes are represented by this Global Certificate and such obligations of the Issuer or the Guarantor will be discharged by payment to (or to the order of) the holder of this Global Certificate in respect of each amount so paid.

Exchange

Owners of beneficial interests in the Notes in respect of which this Global Certificate is issued will be entitled to have title to the Notes registered in their names and to receive individual Certificates only if each of Euroclear and Clearstream, Luxembourg (and, if applicable, any Alternative Clearing System) is closed for business for a continuous period of 14 days (other than by reason of holidays, statutory or otherwise) or announces an intention permanently to cease business or does in fact do so, and no successor or Alternative Clearing System satisfactory to the Issuer is available.

In such circumstances, the Issuer will cause sufficient Certificates to be executed and delivered to the Registrar for completion, authentication and despatch to the relevant Noteholders within 14 days following a request therefor by the holder of this Global Certificate. A person with an interest in the Notes represented by this Global Certificate must provide the Registrar with (A) a written order containing instructions and other such information as the Issuer and the Registrar may require to complete, execute and deliver such Certificates; and (B) a certificate to the effect that such person is not transferring its interest in this Global Certificate.

Transfer

Notes represented by the Global Certificate will be transferable only in accordance with the rules and procedures of Euroclear, Clearstream, Luxembourg or any Alternative Clearing System (as the case may be).

Cancellation

Cancellation of any Note following its redemption or purchase by the Issuer, the Guarantor or any of the subsidiaries of the Issuer or the Guarantor will be effected by reduction in the aggregate principal

amount of the Notes in the register of Noteholders and will be duly endorsed (for information purposes only) in the third column of the Schedule to this Global Certificate.

Payments

Payments of principal and interest in respect of the Notes represented by this Global Certificate will be made to the registered holder of this Global Certificate. Upon payment of any principal or interest, the amount so paid shall be endorsed by or on behalf of the Registrar on behalf of the Issuer and the Guarantor on the schedule to the Global Certificate.

Distributions of amounts with respect to book-entry interests in the Notes held through Euroclear or Clearstream, Luxembourg will be credited, to the extent required by the Registrar, to the cash accounts of participants in Euroclear, Clearstream, Luxembourg or any Alternative Clearing System in accordance with the relevant clearing system's rules and procedures.

All payments in respect of the Notes whilst they are represented by this Global Certificate will be made to, or to the order of, the person whose name is entered in the Register at the close of business 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.

Meetings

The holder of this Global Certificate shall be treated as being two persons and as having one vote in respect of each £1,000 principal amount of Notes represented by this Global Certificate. The Trustee may allow to attend and speak (but not to vote unless such person is a proxy or a representative) at any meeting of Noteholders any accountholder (or the representative of any such person) of a clearing system with an interest in the Notes represented by this Global Certificate on confirmation of entitlement and proof of his identity.

Notices

So long as all of the Notes are represented by this Global Certificate and it is held by or on behalf of one or more clearing systems, notices to Noteholders will be given by delivery of the relevant notice to each relevant clearing system for communication by it to entitled accountholders in substitution for notification as required by the Conditions. A notice will be deemed to have been given to accountholders on the first Business Day following the day on which such notice is sent to each of the relevant clearing system for delivery to entitled accountholders.

Whilst any of the Notes are represented by this Global Certificate, notices to be given by a Noteholder will be given by such Noteholder (where applicable) through Euroclear, Clearstream, Luxembourg or any Alternative Clearing System and otherwise in such manner as the Trustee and the relevant clearing system may approve for this purpose.

Trustee's Powers

In considering the interests of Noteholders the Trustee may, to the extent it considers it appropriate to do so in the circumstances, (A) have regard to such information as may have been made available to it by or on behalf of Euroclear, Clearstream, Luxembourg or any Alternative Clearing System or its operator as to the identity of its accountholders (either individually or by way of category) with entitlements in respect of Notes and (B) consider such interests on the basis that such accountholders were the holders of the Notes represented by this Global Certificate.

Enforcement

For the purposes of enforcement of the provisions of the Trust Deed against the Trustee, the persons named in a certificate of the holder of the Notes represented by this Global Certificate shall be recognised as the beneficiaries of the trusts set out in the Trust Deed to the extent of the principal

amount of their interest in the Notes set out in the certificate of the holder as if they were themselves the holders of Notes in such principal amounts.

Electronic Consent and Written Resolution

While any Global Certificate is registered in the name of any nominee for Euroclear, Clearstream, Luxembourg or any Alternative Clearing System, then:

1. approval of a resolution proposed by the Issuer, the Guarantor or the Trustee (as the case may be) given by way of electronic consents communicated through the electronic communications systems of the relevant clearing system(s) in accordance with their operating rules and procedures by or on behalf of the holders of not less than 75 per cent. in principal amount of the Notes outstanding (an “**Electronic Consent**”) shall, for all purposes (including matters that would otherwise require an Extraordinary Resolution to be passed at a meeting which is a special quorum resolution), take effect as an Extraordinary Resolution passed at a meeting of Noteholders duly convened and held, and shall be binding on all Noteholders whether or not they participated in such Electronic Consent. The Principal Paying Agent shall confirm the result of voting on any Electronic Consent in writing to the Issuer, the Guarantor and the Trustee (in a form satisfactory to the Trustee) (which confirmation may be given by e-mail), specifying (as of the deadline for the Electronic Consent): (A) the outstanding principal amount of the Notes and (B) the outstanding principal amount of the Notes in respect of which consent to the resolution has been given in accordance with this provision. The Issuer, the Guarantor and the Trustee may rely and act without further enquiry on any such confirmation from the Principal Paying Agent and shall have no liability or responsibility to anyone as a result of such reliance or action. The Trustee shall not be bound to act on any Electronic Consent in the absence of such a confirmation from the Principal Paying Agent in a form satisfactory to it; and
2. 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, the Guarantor and the Trustee shall be entitled to rely on consent or instructions given in writing directly to the Issuer, the Guarantor and/or the Trustee, as the case may be, (A) by 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 for whom such entitlement is held. For the purpose of establishing the entitlement to give any such consent or instruction, the Issuer, the Guarantor and the Trustee shall be entitled to rely on any certificate or other document issued by, in the case of (A) above, Euroclear, Clearstream, Luxembourg or any other relevant Alternative Clearing System (the “**relevant clearing system**”) and, in the case of (B) above, the relevant clearing system and the accountholder identified by the relevant clearing system for the purposes of (B) above. Any resolution passed in such manner shall be binding on all Noteholders, even if the relevant consent or instruction proves to be defective. Any such certificate or other document shall be conclusive and binding for all purposes. Any such certificate or other document may comprise any form of statement or print out of electronic records provided by the relevant clearing system (including Euroclear’s EUCLID or Clearstream, Luxembourg’s CreationOnline system) in accordance with its usual procedures and in which the accountholder of a particular principal amount of the Notes is clearly identified together with the amount of such holding. None of the Issuer, the Guarantor or 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.

This Global Certificate shall not become valid for any purpose until authenticated by or on behalf of the Registrar.

This Global Certificate, and any non-contractual obligations arising out of or in connection with it, shall be governed by and construed in accordance with English law.

Issued as of _____ 2019

In witness whereof the Issuer has caused this Global Certificate to be signed on its behalf.

RL FINANCE BONDS NO. 4 PLC

By:

In witness whereof the Guarantor has caused this Global Certificate to be signed on its behalf.

Dated _____ 2019

THE ROYAL LONDON MUTUAL INSURANCE SOCIETY LIMITED

By:

Certificate of Authentication

This Global Certificate is authenticated by or on behalf of the Registrar.

HSBC BANK PLC

By:

Authorised Signatory

For the purposes of authentication only.

Schedule
Showing Changes in the Principal Amount of the Notes Represented by this
Global Certificate

The following shows the principal amount of the Notes represented by this Global Certificate as a result of redemption or purchase and cancellation of Notes:

Date of Redemption/ Purchase and cancellation (stating which)	Amount of change in principal amount of Notes represented by this Global Certificate	Principal amount of Notes represented by this Global Certificate following such change	Notation made by or on behalf of the Principal Paying Agent or Registrar
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Part 2: Form of Definitive Certificate

On the front:

THE NOTES REPRESENTED BY THIS CERTIFICATE AND THE GUARANTEE HAVE NOT BEEN REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933 (THE “**SECURITIES ACT**”) OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES AND MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED UNDER THE SECURITIES ACT EXCEPT IN AN OFFSHORE TRANSACTION IN ACCORDANCE WITH RULE 903 OR RULE 904 OF REGULATION S UNDER THE SECURITIES ACT.

RL FINANCE BONDS NO. 4 PLC

*(incorporated with limited liability in England and Wales
with registered number 12187449)*

**£600,000,000 4.875 per cent. Fixed Rate Reset Callable Guaranteed Subordinated Notes due
2049**

guaranteed by

THE ROYAL LONDON MUTUAL INSURANCE SOCIETY LIMITED

*(incorporated with limited liability by guarantee in England and Wales
with registered number 99064)*

CERTIFICATE

Certificate No. [●]

The Notes in respect of which this Certificate is issued form part of the series designated as specified in the title (the “**Notes**”) of RL Finance Bonds No. 4 plc (the “**Issuer**”) guaranteed on a subordinated basis by The Royal London Mutual Insurance Society Limited (the “**Guarantor**”).

The Issuer hereby certifies that [●] of [●] (the “**Registered Holder**”) is, at the date hereof, entered in the register of Noteholders as the holder of Notes in the principal amount of:

£[●]

([AMOUNT IN WORDS] POUNDS STERLING)

The Notes are subject to the Terms and Conditions (the “**Conditions**”) endorsed hereon and are issued subject to, and with the benefit of, the Trust Deed referred to in the Conditions. Terms defined in the Trust Deed have the same meaning when used herein.

For value received, the Issuer (failing whom the Guarantor) promises to pay the person who appears at the relevant time on the register of Noteholders as holder of the Notes in respect of which this Certificate is issued such amount or amounts as shall become due and payable from time to time in respect of such Notes and otherwise to comply with the Conditions.

The statements set forth in the legend above are an integral part of the Note or Notes in respect of which this Certificate is issued and by acceptance thereof each holder agrees to be subject to and bound by the terms and provisions set forth in such legend.

This Certificate is evidence of entitlement only.

For the purposes of this Certificate, (A) the holder of the Notes represented by this Certificate is bound by the provisions of the Trust Deed; (B) the Issuer certifies that the Registered Holder is, at the date hereof, entered in the Register as the holder of the Notes represented by this Certificate;

(C) title to the Notes represented by this Certificate passes only on transfer and due registration on the Register; and (D) only the holder of the Notes entered in the Register is entitled to payments in respect of the Notes.

This Certificate shall not become valid for any purpose until authenticated by or on behalf of the Registrar.

This Certificate, and any non-contractual obligations arising out of or in connection with it, shall be governed by and construed in accordance with English law.

Issued as of [●]

In witness whereof the Issuer has caused this Certificate to be signed on its behalf.

RL FINANCE BONDS NO. 4 PLC

By:

In witness whereof the Guarantor has caused this Certificate to be signed on its behalf.

Dated [●]

THE ROYAL LONDON MUTUAL INSURANCE SOCIETY LIMITED

By:

Certificate of Authentication

This Certificate is authenticated by or on behalf of the Registrar

HSBC BANK PLC

By:

Authorised Signatory

For the purposes of authentication only

On the back:

Terms and Conditions of the Notes

[The Terms and Conditions that are set out in Schedule 2 to the Trust Deed will be set out here.]

Form of Transfer

FOR VALUE RECEIVED the undersigned transfers to

(PLEASE PRINT OR TYPEWRITE NAME AND ADDRESS OF TRANSFEREE)

[•] principal amount of the Notes represented by this Certificate, and all rights under them.

Dated

Signed Certifying Signature

Notes:

1. The signature of the person effecting a transfer shall conform to a list of duly authorised specimen signatures supplied by the holder of the Notes represented by this Certificate or (if such signature corresponds with the name as it appears on the face of this Certificate) be certified by a notary public or a recognised bank or be supported by such other evidence as a Transfer Agent or the Registrar may reasonably require.
2. A representative of the Noteholder should state the capacity in which he signs e.g. executor.

PRINCIPAL PAYING AGENT

HSBC Bank plc

8 Canada Square
London E14 5HQ
United Kingdom

REGISTRAR AND TRANSFER AGENT

HSBC Bank plc

8 Canada Square
London E14 5HQ
United Kingdom

Schedule 2 Terms And Conditions of the Notes

The issue of the £600,000,000 4.875 per cent. Fixed Rate Reset Callable Guaranteed Subordinated Notes due 2049 (the “**Notes**”, which expression shall in these Conditions, unless the context otherwise requires, include any further notes issued pursuant to Condition 19 and forming a single series with the Notes) was (save in respect of any such further notes) authorised by a resolution of the board of directors of RL Finance Bonds No. 4 plc (the “**Issuer**”) passed on 19 September 2019. The subordinated guarantee of the Notes was authorised by resolutions of the board of directors of The Royal London Mutual Insurance Society Limited (the “**Guarantor**”) passed on 9 August 2019 and 27 September 2019 and resolutions of a committee of the board of directors of the Guarantor passed on 20 September 2019. The Notes are constituted by a trust deed (the “**Trust Deed**”) dated 7 October 2019 between the Issuer, the Guarantor and HSBC Corporate Trustee Company (UK) Limited (the “**Trustee**”, which expression shall include all persons for the time being and from time to time appointed as the trustee or trustees under the Trust Deed) as trustee in respect of the Notes. These terms and conditions (the “**Conditions**”) include summaries of, and are subject to, the detailed provisions of the Trust Deed. Copies of the Trust Deed and of the agency agreement (the “**Agency Agreement**”) dated 7 October 2019 relating to the Notes between the Issuer, the Guarantor, the Trustee and HSBC Bank plc as registrar (the “**Registrar**”, which expression shall include any successor thereto), as transfer agent (the “**Transfer Agent**”, which expression shall include any successor thereto and any additional transfer agents appointed thereunder) and as initial principal paying agent (the “**Principal Paying Agent**”, which expression shall include any successor thereto, and, together with any further paying agents appointed thereunder, the “**Paying Agents**”, which expression shall include any successors thereto) are available for inspection during usual business hours at the principal office of the Trustee (presently at 8 Canada Square, London E14 5HQ, United Kingdom) and at the specified offices of the Principal Paying Agent, the Registrar and any Transfer Agent. The Noteholders 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 applicable to them of the Agency Agreement.

All capitalised terms that are not defined in these Conditions will have the meanings given to them in the Trust Deed.

1 Form, Denomination and Title

(a) *Form and Denomination*

The Notes are issued in registered form in principal amounts of £100,000 and integral multiples of £1,000 in excess thereof (referred to as the “**principal amount**” of a Note, and references in these Conditions to “**principal**” in relation to a Note shall be construed accordingly) without coupons attached. A certificate (each a “**Certificate**”) will be issued to each Noteholder in respect of its registered holding of Notes. Each Certificate will be numbered serially with an identifying number which will be recorded on the relevant Certificate and in the register of Noteholders which the Issuer (failing which the Guarantor) will procure to be kept by the Registrar (the “**Register**”) on which shall be entered the names, addresses and account details of Noteholders and the particulars of the Notes held by them and of all transfers and repayments of Notes.

(b) *Title*

Title to the Notes passes only by transfer and registration in the Register. The holder of any Note will (except as otherwise required by law or as ordered by a court of competent jurisdiction) be treated as its absolute owner for all purposes (whether or not it is overdue and regardless of any notice of ownership,

trust or any interest or any writing on, or the theft or loss of, the Certificate issued in respect of it) and no person will be liable for so treating the holder. In these Conditions, “**Noteholder**” and (in relation to a Note) “**holder**” means the person against whose name a Note is registered in the Register (or, in the case of joint holders, the first named thereof). Each Noteholder shall be entitled to receive only one Certificate in respect of its entire holding of Notes.

2 Transfers of Notes and Issue of Certificates

(a) *Transfers*

Subject to Conditions 2(d) and 2(e), each Note may be transferred (in whole or in part, subject to such transfer and any remainder being in a minimum amount of £100,000) by depositing the Certificate issued in respect of that Note, together with the form of transfer in respect thereof duly completed, executed and (where applicable) stamped, at the specified office of the Registrar or a Transfer Agent.

No transfer of a Note will be valid unless and until entered on the Register. A Note may be registered only in the name of, and transferred only to, a named person (or persons not exceeding four in number) or a nominee.

(b) *Delivery of new Certificates*

Each new Certificate to be issued upon a transfer of Notes will, within five Business Days of receipt by the Registrar or the relevant Transfer Agent of the duly completed, executed and (where applicable) stamped form of transfer endorsed on the relevant Certificate, be mailed by uninsured mail at the risk of the holder entitled to the Note (but free of charge to the Noteholder) to the address specified in the form of transfer. The form of transfer shall be available at the specified offices of the Transfer Agents.

Where some but not all of the Notes in respect of which a Certificate is issued are to be transferred, a new Certificate in respect of the balance of Notes not so transferred will, within five Business Days of receipt by the Registrar or the relevant Transfer Agent of the original Certificate, be mailed by uninsured mail at the risk of the holder of the Notes not so transferred (but free of charge to the Noteholder) to the address of such holder appearing on the Register or as specified in the form of transfer.

(c) *Formalities free of charge*

Registration of transfer of any Notes will be effected without charge by or on behalf of the Issuer or any Transfer Agent but upon (i) payment (or the giving of such indemnity as the Issuer or any Agent may reasonably require) in respect of any tax or other governmental charges which may be imposed in relation to such transfer and (ii) the relevant Transfer Agent being satisfied with the documents of title and/or the identity of the person making the application.

(d) *Closed periods*

No Noteholder may require the transfer of a Note (or part thereof) to be registered during the period of 15 days ending on the due date for any payment of principal or interest or during the period following delivery of a notice of a voluntary payment of Arrears of Interest in accordance with Condition 6(e) and Condition 14 and ending on the date referred to in such notice as having been fixed for such payment of Arrears of Interest.

(e) *Regulations*

All transfers of Notes and entries on the Register will be made subject to the detailed regulations concerning transfer of Notes scheduled to the Agency Agreement. The regulations may be changed by the Issuer and the Guarantor with the prior written approval of the Registrar and the Trustee. A copy of

the current regulations will be mailed (free of charge) by the Registrar to any Noteholder who requests one and will be available at the specified offices of the Transfer Agents.

3 Status of the Notes, etc.

(a) *Status*

The Notes constitute direct and unsecured obligations of the Issuer and rank *pari passu* and without any preference among themselves. The rights and claims of the Noteholders in any Issuer Winding-Up are as described in the Trust Deed and this Condition 3.

(b) *Issuer Winding-Up*

- (i) If an Issuer Winding-Up occurs at any time when a Guarantor Winding-Up has also occurred or is occurring, the Trustee (other than in respect of its rights and claims in its personal capacity under the Trust Deed) and the Noteholders may claim or prove in such Issuer Winding-Up. If and to the extent that the amount that the Trustee or the Noteholders could recover in such Issuer Winding-Up (including any damages awarded for breach of any obligations thereunder) would exceed the amount per Note that would have been paid in respect of such Note in such Guarantor Winding-Up (had the Note been a subordinated obligation of the Guarantor for an amount equal to the relevant Guaranteed Amounts and ranking *pari passu* with the Guarantee), then the Trustee and the Noteholders shall, without the need for any further step or action on the part of the Trustee or Noteholders, assign (and be treated as having assigned) irrevocably such excess amounts and the right thereto to the Guarantor.
- (ii) If an Issuer Winding-Up occurs at any time when a Guarantor Winding-Up has not also occurred or is not occurring, the Trustee (other than in respect of its rights and claims in its personal capacity under the Trust Deed) and the Noteholders (in each case in relation to any amount which they are entitled to receive in such Issuer Winding-Up in respect of, or arising under, the Notes and the Trust Deed (including any damages awarded for breach of any obligations thereunder)) shall, without the need for any further step or action on the part of the Trustee or Noteholders, assign (and be treated as having assigned) irrevocably such amounts and the right thereto to the Guarantor as consideration for the Guarantor's agreement to assume, or procure the assumption by a Subsidiary of the Guarantor of, the obligations of the Issuer (including the obligation to pay such aforementioned damages, if any) pursuant to, and in accordance with, Condition 4(c) and shall be deemed irrevocably to have authorised and directed the Issuer (or its liquidator or administrator, as appropriate) to make the payment of any such amounts directly to the Guarantor.

This Condition 3(b)(ii) is without prejudice to any claim which the Trustee and the Noteholders may have, in such circumstances, against the Guarantor under Condition 4 or against any Substituted Obligor substituted for the Issuer pursuant to Condition 15.

- (iii) If, in the circumstances contemplated in Condition 3(b), any payment is made to the Trustee (other than payments made to the Trustee in its personal capacity under the Trust Deed) and/or the Noteholders in respect of, or arising under, the Notes and/or the Trust Deed by the liquidator or the administrator (as applicable) of the Issuer, such amount shall, in addition to the assignments set out in Conditions 3(b)(i) and (ii), reduce *pro tanto* the amounts payable by the Guarantor under the Guarantee and/or, as appropriate, any Substituted Obligor substituted for the Issuer pursuant to Conditions 4(c) and 15 (save to the extent such amounts are subsequently paid by the Trustee or, as appropriate, the Noteholders to the Issuer or its liquidator or, as appropriate, administrator in accordance with Condition 3(d)).

If, in the circumstances contemplated in this Condition 3(b), any payment is made to the Trustee (other than payments made to the Trustee in its personal capacity under the Trust Deed) and/or the Noteholders in respect of, or arising under, the Guarantee by the liquidator or the administrator (as applicable) of the Guarantor, such amount shall, in addition to the assignments set out in Conditions 3(b)(i) and (ii), reduce *pro tanto* the amounts payable by the Issuer under the Notes and the Trust Deed (save to the extent such amounts are subsequently paid by the Trustee or, as appropriate, the Noteholders to the Guarantor or its liquidator or, as appropriate, administrator in accordance with Condition 3(d)).

- (iv) Nothing in the Trust Deed or these Conditions shall affect or prejudice the payment of the costs, fees, charges, expenses, liabilities or remuneration of the Trustee under the Trust Deed or the rights and remedies of the Trustee in respect thereof.

(c) *Solvency Condition*

Other than in circumstances where a Guarantor Winding-Up has occurred or is occurring (but subject to Condition 3(b)(iv)), all payments under or arising from (including any damages awarded for breach of any obligations under) the Notes or the Trust Deed shall be conditional upon the Guarantor being solvent at the time for payment by the Issuer or, as appropriate, the Guarantor, and no amount shall be payable under or arising from the Notes or the Trust Deed (including, without limitation, the Guarantee) unless and until such time as the Issuer or, as appropriate, the Guarantor could make such payment and the Guarantor would still be solvent immediately thereafter (the “**Solvency Condition**”).

For the purposes of this Condition 3(c), the Guarantor will be solvent if (i) it is able to pay its debts owed to Senior Creditors and Parity Creditors as they fall due and (ii) its Assets exceed its Liabilities. A certificate as to the solvency or lack thereof of the Guarantor signed by two Directors of the Guarantor or, if there is a winding-up or administration of the Guarantor, the liquidator or, as the case may be, the administrator of the Guarantor shall (in the absence of manifest error) be treated and accepted by the Issuer, the Guarantor, the Trustee, the Noteholders and all other interested parties as correct and sufficient evidence thereof and shall be binding on all such persons. The Trustee shall be entitled to rely absolutely on such certificate without liability to any person and without any obligation to verify or investigate the accuracy thereof.

(d) *Set-off, etc.*

By acceptance of the Notes, subject to applicable law, each Noteholder will be deemed to have waived and to have directed and authorised the Trustee on its behalf to have waived any right of set-off or counterclaim that such Noteholder might otherwise have against the Issuer or the Guarantor in respect of or arising under the Notes or the Trust Deed (including the Guarantee) whether prior to or in liquidation, winding-up or administration. Notwithstanding the preceding sentence, if any of the rights and claims of any Noteholder in respect of or arising under the Notes or the Trust Deed (including the Guarantee) are discharged by set-off, such Noteholder will immediately pay an amount equal to the amount of such discharge to the Issuer or, as appropriate, the Guarantor or, if applicable, the liquidator, trustee, receiver or administrator of the Issuer or, as appropriate, the Guarantor and, until such time as payment is made, will hold a sum equal to such amount on trust for the Issuer or, as appropriate, the Guarantor or, if applicable, the liquidator, trustee, receiver or administrator in the relevant liquidation, winding-up or administration. Accordingly, such discharge will be deemed not to have taken place.

4 Guarantee

(a) Status

The Guarantor has (subject as provided in Conditions 3(c), 4(b), 6(a), 6(b), 6(e) and 8(b)) in the Trust Deed guaranteed on the terms set out therein the due and punctual payment of all principal, interest, Arrears of Interest and other sums from time to time which are due and payable in respect of the Notes or under, or pursuant to, the Trust Deed (“**Guaranteed Amounts**”). The obligations of the Guarantor under such guarantee (including those referred to in Condition 4(c)) (the “**Guarantee**”) constitute direct, unsecured and subordinated obligations of the Guarantor.

(b) Subordination

If:

- (i) at any time an order is made, or an effective resolution is passed, for the winding-up of the Guarantor (except, in any such case, (a) a winding-up following the transfer of all its liabilities and obligations as principal obligor under the Guarantee to a transferee in connection with a transfer of its business pursuant to Condition 17 or (b) a solvent winding-up solely for the purpose of a reconstruction or amalgamation or the substitution in place of the Guarantor of a successor in business (as defined in Condition 22) of the Guarantor, the terms of which reconstruction, amalgamation or substitution (A) have previously been approved in writing by the Trustee or by an Extraordinary Resolution and (B) do not provide that the Notes or any amount in respect thereof (including under the Guarantee) shall thereby become payable); or
- (ii) an administrator of the Guarantor is appointed and such administrator gives notice that it intends to declare and distribute a dividend or other distribution of the assets of the Guarantor,

(the events in Conditions 4(b)(i) and 4(b)(ii) each being a “**Guarantor Winding-Up**”), the rights and claims of the Trustee (on behalf of the Noteholders but not the rights and claims of the Trustee in its personal capacity under the Trust Deed which shall not be subordinated) and the Noteholders against the Guarantor in relation to Guaranteed Amounts (including, without limitation, any damages awarded for breach of any obligations under the Notes and the Trust Deed) will be subordinated in the manner provided in the Trust Deed to the claims of all Senior Creditors, but shall rank:

- (A) at least *pari passu* with all claims in respect of (i) all other subordinated obligations of the Guarantor which constitute, and all claims relating to a guarantee of, or other like or similar undertaking or arrangement given or undertaken by the Guarantor in respect of, any obligations of any other person which constitute, or (in either case) would but for any applicable limitation on the amount of such capital constitute, Tier 2 Capital and (ii) all obligations which rank, or are expressed to rank, *pari passu* therewith (together, “**Parity Obligations**”); and
- (B) in priority to (a) the claims in respect of (i) any subordinated obligations of the Guarantor which rank, or are expressed to rank, junior to the Guarantee and (ii) all obligations of the Guarantor which constitute, and all claims relating to a guarantee of, or other like or similar undertaking or arrangement given or undertaken by the Guarantor in respect of, any obligations of any other person which constitute, or (in either case) would but for any applicable limitation on the amount of such capital constitute, Tier 1 Capital and all obligations which rank, or are expressed to rank, *pari passu* therewith and (b) the claims of members of the Guarantor (under any applicable legislation relating to the winding-up of companies limited by guarantee and/or of insurers) in their capacity as members of the Guarantor (together, the “**Junior Obligations**”).

- (c) *Obligations of the Guarantor upon an Issuer Winding-Up where no Guarantor Winding-Up has occurred or is occurring*

If an Issuer Winding-Up occurs at any time when a Guarantor Winding-Up has not also occurred or is not also occurring, the Guarantor shall (as more particularly described in the Trust Deed) assume, or shall procure the assumption by a Subsidiary of the Guarantor of, all of the obligations of the Issuer under the Notes and the Trust Deed (including any damages awarded against the Issuer for breach of any of its obligations thereunder) as if references in the Notes and the Trust Deed to “the Issuer” were to the Guarantor or the relevant Subsidiary (as the case may be) but provided that the claims of the Trustee (other than in respect of its rights and claims in its personal capacity under the Trust Deed) and the Noteholders against the Guarantor in respect of all payment obligations under the Notes and the Trust Deed shall rank *pari passu* with the Guarantee.

Accordingly, once the Guarantor has assumed, or has procured the assumption by its Subsidiary of, such obligations of the Issuer under the Notes and the Trust Deed, the Guarantor or such Subsidiary (as the case may be) shall have all of the rights and benefits applicable to the Issuer in these Conditions and the Trust Deed including, without limitation, the Issuer’s ability to redeem, vary or substitute the Notes in the circumstances set out in Conditions 8(d), 8(e) and 8(f).

5 Interest

- (a) *Interest Rate*

Each Note bears interest on its outstanding principal amount at the applicable Interest Rate from (and including) the Issue Date to (but excluding) the Maturity Date (or such other date on which the Notes become due for redemption) in accordance with the provisions of this Condition 5.

Subject to Conditions 3(c), 5(c) and 6, interest shall be payable on the Notes annually in arrear on each Interest Payment Date, in each case as provided in this Condition 5.

- (b) *Interest Accrual*

Interest shall cease to accrue on each Note on the due date for redemption (which due date shall, in the case of deferral of a redemption date in accordance with Condition 8(b), be the latest date to which redemption of the Notes is so deferred) unless payment is improperly withheld or refused, in which event interest shall continue to accrue (in each case, both before and after judgment) as provided in the Trust Deed.

- (c) *Interest Rates*

Each Note bears interest on its outstanding principal amount at the rate of 4.875 per cent. per annum (the “**Initial Interest Rate**”) from (and including) the Issue Date to (but excluding) the First Reset Date.

In respect of each Interest Period which commences on or after the First Reset Date, each Note shall bear interest on its principal amount at the applicable Reset Rate.

Where it is necessary to compute an amount of interest payable in respect of any Note for a period that is less than or greater than an Interest Period, such interest shall be calculated on the basis of the actual number of days in the period from (and including) the most recent Interest Payment Date (or, if none, the Issue Date) to (but excluding) the relevant payment date divided by the actual number of days in the period from (and including) the most recent Interest Payment Date (or, if none, the Issue Date) to (but excluding) the next (or first) scheduled Interest Payment Date.

The amount of interest payable (subject to Conditions 3(c) and 6) in respect of each £1,000 in outstanding principal amount of a Note on each Interest Payment Date up to (and including) the First Reset Date shall be £48.75.

(d) *Determination of Reset Rate*

The Interest Calculation Agent will, as soon as practicable after 11.00 a.m. (London time) on the date falling two Business Days prior to each Reset Date, determine the applicable Reset Rate and shall promptly notify the Issuer and the Guarantor thereof.

(e) *Publication of Reset Rates*

Once the Issuer and the Guarantor have been notified of the Reset Rate by the Interest Calculation Agent in accordance with Condition 5(d), the Issuer (failing which, the Guarantor) shall cause notice of the applicable Reset Rate, and the amount of interest which will (subject to Conditions 3(c) and 6) be payable per £1,000 in outstanding principal amount of a Note on each Interest Payment Date in respect of which the relevant Reset Rate applies, determined in accordance with this Condition 5, to be given to the Trustee, the Paying Agents, the Noteholders in accordance with Condition 14 and any stock exchange on which the Notes are for the time being listed or admitted to trading, in each case as soon as practicable after its determination but in any event not later than the fourth Business Day thereafter.

(f) *Interest Calculation Agent*

With effect from the date falling two Business Days prior to the first Reset Date, and for so long as any Notes remain outstanding thereafter, the Issuer shall maintain an Interest Calculation Agent.

The Issuer may, with the prior written approval of the Trustee, from time to time replace the Interest Calculation Agent with another financial institution in London or an independent adviser of recognised standing and appropriate expertise. If the Interest Calculation Agent is unable or unwilling to continue to act as the Interest Calculation Agent or fails duly to determine the Reset Rate as provided in Condition 5(d), the Issuer and the Guarantor shall forthwith appoint another financial institution in London or an independent adviser of recognised standing and appropriate expertise, in either case approved in writing by the Trustee to act as such and make the relevant determination in its place.

(g) *Determinations of Interest Calculation Agent binding*

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

6 Deferral of Interest

(a) *Optional Deferral of Interest*

Either the Issuer or the Guarantor may elect in respect of any Interest Payment Date, by notice to the Noteholders, the Trustee and the Principal Paying Agent given in accordance with Condition 6(f), for payment of the accrued but unpaid interest to that date to be deferred (in whole or in part) for any reason, and in such circumstances neither the Issuer nor the Guarantor shall have any obligation to make such payment on that date.

(b) *Mandatory Deferral of Interest*

Payment of interest on the Notes by the Issuer will be mandatorily deferred on each Regulatory Deficiency Interest Deferral Date. The Issuer, failing whom the Guarantor, shall notify the Noteholders, the Trustee and the Principal Paying Agent of any Regulatory Deficiency Interest Deferral Date in accordance with Condition 6(f) (provided that failure to make such notification shall not oblige the Issuer to make payment of such interest, or cause the same to become due and payable, on such date) and neither the Issuer nor the Guarantor shall have any obligation to make such payment on that date.

A certificate signed by two Directors of the Issuer or the Guarantor confirming that (i) a Regulatory Deficiency Interest Deferral Event has occurred and is continuing, or would occur if payment of interest on the Notes were to be made or (ii) a Regulatory Deficiency Interest Deferral Event has ceased to occur and/or payment of interest on the Notes would not result in a new or further Regulatory Deficiency Interest Deferral Event occurring, shall, in the absence of manifest error, be treated and accepted by the Issuer, the Guarantor, the Trustee, the Noteholders and all other interested parties as correct and sufficient evidence thereof and shall be binding on all such persons. The Trustee shall be entitled to rely absolutely on such certificate without liability to any person and without any obligation to verify or investigate the accuracy thereof.

(c) *No default*

Notwithstanding any other provision in these Conditions or in the Trust Deed, the deferral by the Issuer or the Guarantor of any payment of interest (i) in accordance with Condition 6(a), (ii) on a Regulatory Deficiency Interest Deferral Date in accordance with Condition 6(b) or (iii) as a result of the application of the Solvency Condition in accordance with Condition 3(c) will not constitute a default by the Issuer or the Guarantor and will not give Noteholders or the Trustee any right to accelerate repayment of the Notes or take any enforcement action under the Notes or the Trust Deed (including the Guarantee).

(d) *Arrears of Interest*

Any interest on the Notes not paid on an Interest Payment Date as a result of (i) the exercise by the Issuer or the Guarantor of its discretion to defer such payment of interest pursuant to Condition 6(a), (ii) any mandatory deferral of such payment of interest pursuant to Condition 6(b) or (iii) the operation of the Solvency Condition in accordance with Condition 3(c) shall, to the extent and so long as the same remains unpaid, constitute “**Arrears of Interest**”.

Arrears of Interest shall not themselves bear interest.

(e) *Payment of Arrears of Interest by the Issuer*

Any Arrears of Interest may (subject to Condition 3(c), to satisfaction of the Regulatory Clearance Condition and to a Regulatory Deficiency Interest Deferral Event not existing at the time of, or occurring as a result of, such payment) be paid by the Issuer in whole or in part at any time upon the expiry of not less than 14 days’ notice to such effect given by the Issuer or the Guarantor to the Trustee, the Principal Paying Agent and the Noteholders in accordance with Condition 14 and in any event will become due and payable by the Issuer (subject, in the case of Conditions 6(e)(i) and 6(e)(iii) below, to Condition 3(c) and to satisfaction of the Regulatory Clearance Condition) in whole (and not in part) upon the earliest of the following dates:

- (i) the next Interest Payment Date which is not a Regulatory Deficiency Interest Deferral Date (as evidenced by delivery of the certificate referred to in Condition 6(b)) and on which a scheduled payment of interest in respect of the Notes is made or is required to be made pursuant to these Conditions; or

- (ii) the date on which a Guarantor Winding-Up occurs; or
- (iii) the date fixed for any redemption or purchase of Notes pursuant to Condition 8 (subject to any deferral of such redemption date pursuant to Condition 8(b)) or Condition 12.

(f) *Notice of Deferral*

The Issuer or, as the case may be, the Guarantor shall notify the Trustee, the Principal Paying Agent and the Noteholders in writing in accordance with Condition 14:

- (i) not less than 10 Business Days prior to an Interest Payment Date, if it is an Interest Payment Date in respect of which the Issuer or, as the case may be, the Guarantor elects to defer interest as provided in Condition 6(a); or
- (ii) not less than five Business Days prior to an Interest Payment Date, if that Interest Payment Date is a Regulatory Deficiency Interest Deferral Date, provided that if a Regulatory Deficiency Interest Deferral Event occurs, or is determined, less than five Business Days prior to an Interest Payment Date, the Issuer or, as the case may be, the Guarantor shall give notice of the interest deferral in accordance with Condition 14 as soon as reasonably practicable following the occurrence of such event (and, in either case, such notice shall specify that interest will not be paid because a Regulatory Deficiency Interest Deferral Event has occurred and is continuing or would occur if payment of interest were made on such Interest Payment Date); or
- (iii) not later than the relevant Interest Payment Date, if payment of any interest will not become due as a result of a failure to satisfy the Solvency Condition,

provided that (with regard to (ii) and (iii) above only) any delay in giving any such notice or any failure to give any such notice shall not result in such interest becoming due and payable on the relevant Interest Payment Date.

7 **Payments**

(a) *Payments in respect of Notes*

- (i) Payments of principal, interest and Arrears of Interest shall be made on the due date for payment to the persons shown on the Register at the close of business on the date falling 15 days before the due date in respect of such payment. Payment of principal, interest and Arrears of Interest will be made by transfer to the registered account of the relevant Noteholder.
- (ii) Payments of principal, interest and Arrears of Interest due at the time of redemption of the Notes will only be made against surrender of the relevant Certificate at the specified office of any of the Paying Agents.
- (iii) For the purposes of this Condition 7, a Noteholder's registered account means the sterling account maintained by or on behalf of it with a bank that processes payments in sterling, details of which appear on the Register at the close of business on the date falling two Business Days before the due date for payment.

(b) *Payments subject to applicable laws*

Save as provided in Condition 10, payments under the Notes will be subject in all cases to any other applicable fiscal or other laws and regulations or other laws and regulations to which the Issuer or the Guarantor (or their respective Paying Agents) agree to be subject and neither the Issuer nor the Guarantor

will be liable for any taxes or duties of whatever nature imposed or levied by such laws, regulations or agreements.

(c) *No commissions*

No commissions or expenses shall be charged to the Noteholders in respect of any payments made in accordance with this Condition 7.

(d) *Payment on Business Days*

Where payment is to be made by transfer to a registered account, payment instructions (for value the due date or, if that is not a Business Day, for value the first following day which is a Business Day) will be initiated on the due date for payment or, in the case of a payment of principal, interest or Arrears of Interest due at the time of redemption of the Notes, if later, on the Business Day on which the relevant Certificate is surrendered at the specified office of an Agent.

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

(e) *Partial payments*

If the amount of principal or interest which is due on the Notes is not paid in full, the Registrar will annotate the Register with a record of the amount of principal or interest in fact paid.

(f) *Agents*

The names of the initial Agents and their initial specified offices are set out at the end of these Conditions. The Issuer and the Guarantor reserve the right, subject to the prior written approval of the Trustee, at any time to vary or terminate the appointment of any Agent and to appoint additional or other Agents, provided that they will at all times maintain:

- (i) a Principal Paying Agent;
- (ii) a Registrar; and
- (iii) such other agents as may be required by any stock exchange on which the Notes may be listed.

Notice of any termination or appointment and of any changes in specified offices of any of the Agents will be given to the Noteholders promptly by the Issuer or the Guarantor in accordance with Condition 14.

8 Redemption, Substitution, Variation and Purchase

(a) *Redemption at Maturity*

Subject to Conditions 8(b) and 8(h) and to the satisfaction of the Solvency Condition and any provisions of the Relevant Rules relating to such redemption at the relevant time, unless previously redeemed or purchased and cancelled as provided below, the Issuer will redeem the Notes at their principal amount on 7 October 2049 (the “**Maturity Date**”), together with any Arrears of Interest and any other accrued and unpaid interest to (but excluding) the Maturity Date.

(b) *Deferral of redemption date*

- (i) No Notes shall be redeemed on the Maturity Date pursuant to Condition 8(a) or, prior to the Maturity Date, pursuant to Condition 8(d), 8(e) or 8(f) if a Regulatory Deficiency Redemption

Deferral Event has occurred and is continuing or would occur if redemption were made on the otherwise applicable redemption date pursuant to this Condition 8.

- (ii) The Issuer, failing whom the Guarantor, shall notify the Trustee, the Principal Paying Agent and the Noteholders in accordance with Condition 14 no later than five Business Days prior to any date set for redemption of the Notes if such redemption is to be deferred in accordance with Condition 8(b)(i) or Condition 8(b)(iv), provided that if the relevant event or circumstance requiring deferral occurs or is determined less than five Business Days prior to the date set for redemption, the Issuer, failing whom the Guarantor, shall give notice of such deferral in accordance with Condition 14 as soon as reasonably practicable following the occurrence or determination of such event or circumstance; provided that any delay in making or any failure to make such notification shall not oblige the Issuer to make payment of such amounts, or cause the same to become due and payable, on such date and neither the Issuer nor the Guarantor shall have any obligation to make payment on that date.
- (iii) If redemption of the Notes does not occur on the Maturity Date or, as the case may be, the date specified in the notice of redemption by the Issuer under Condition 8(d), 8(e) or 8(f) as a result of circumstances where:
 - (A) a Regulatory Deficiency Redemption Deferral Event has occurred and is continuing or would occur if the Notes were to be redeemed on such date; or
 - (B) the PRA does not consent to the redemption (to the extent that consent is then required by the PRA or the Relevant Rules) or the PRA objects to the redemption or such redemption otherwise cannot be effected in compliance with the Relevant Rules on such date,

the Issuer shall (subject to satisfaction of the Regulatory Clearance Condition and, in the case of (1) and (2) below, the Solvency Condition) redeem the Notes at their principal amount together with any Arrears of Interest and any other accrued and unpaid interest up to (but excluding) the date fixed for redemption, upon the earliest of:

- (1) the date falling 10 Business Days after the date the Regulatory Deficiency Redemption Deferral Event has ceased (unless on such 10th Business Day a further Regulatory Deficiency Redemption Deferral Event has occurred and is continuing or redemption of the Notes on such 10th Business Day would result in a new or further Regulatory Deficiency Redemption Deferral Event occurring, in which case the provisions of Condition 8(b)(i) and this Condition 8(b)(iii) will apply *mutatis mutandis* to determine the due date for redemption of the Notes); or
 - (2) the date falling 10 Business Days after the PRA has approved the repayment or redemption of the Notes in the circumstances in which it is permitted to do so under the Relevant Rules; or
 - (3) the date on which a Guarantor Winding-Up occurs.
- (iv) If Condition 8(b)(i) does not apply, but the obligations of the Issuer under the Notes to make payment of any principal in relation to the redemption of the Notes are mandatorily deferred as a result of the Solvency Condition not being satisfied, subject to satisfaction of the Regulatory Clearance Condition, such payment shall be made on the 10th Business Day immediately following the day that the Guarantor is solvent for the purposes of Condition 3(c) provided that the payment of such principal (together with any accrued but unpaid interest and/or any Arrears of Interest) would not result in the Guarantor ceasing to be solvent for the purposes of Condition 3(c), and provided further that if on the date otherwise fixed for redemption pursuant to this

Condition 8(b)(iv) a Regulatory Deficiency Redemption Deferral Event has occurred and is continuing, or would occur if the Notes were to be redeemed on such date, then the Notes shall not be redeemed on such date, redemption shall be deferred in accordance with Condition 8(b)(i), and Condition 8(b)(iii) shall apply *mutatis mutandis* to determine the due date for redemption of the Notes.

- (v) In addition to any certificate given pursuant to Condition 3(c) in relation to the satisfaction or otherwise of the Solvency Condition, a certificate signed by two Directors of the Issuer or the Guarantor confirming that (A) a Regulatory Deficiency Redemption Deferral Event has occurred and is continuing or would occur if redemption of the Notes were to be made or (B) a Regulatory Deficiency Redemption Deferral Event has ceased to occur and/or redemption of the Notes would not result in a Regulatory Deficiency Redemption Deferral Event occurring or (C) that the PRA has approved the repayment or redemption of the Notes in the circumstances in which it is permitted to do so under the Relevant Rules, shall, in the absence of manifest error, be treated and accepted by the Issuer, the Guarantor, the Trustee, the Noteholders and all other interested parties as correct and sufficient evidence thereof and shall be binding on all such persons. The Trustee shall be entitled to rely absolutely on such certificate without liability to any person and without any obligation to verify or investigate the accuracy thereof.
- (vi) In circumstances where redemption of the Notes has been deferred, the Issuer will notify the Trustee, the Registrar and the Principal Paying Agent in writing and notify the Noteholders in accordance with Condition 14 as soon as reasonably practicable after it has determined the relevant deferred date for redemption, and (if applicable) of any subsequent redemption deferrals and corresponding deferred dates for redemption.

(c) *Deferral of redemption not a default*

Notwithstanding any other provision in these Conditions or in the Trust Deed, the deferral of redemption of the Notes in accordance with Condition 3(c) or 8(b) will not constitute a default by the Issuer or the Guarantor and will not give Noteholders or the Trustee any right to accelerate the Notes or take any enforcement action under the Notes or the Trust Deed (including the Guarantee).

(d) *Redemption at the option of the Issuer*

Subject to Conditions 8(b) and 8(h), the Issuer may, having given not less than 15 nor more than 30 days' notice to the Noteholders in accordance with Condition 14 (which notice shall be irrevocable and shall specify the date fixed for redemption), redeem all (but not some only) of the Notes:

- (i) on any day falling in the period commencing on (and including) 7 April 2039 and ending on (and including) the First Reset Date; or
- (ii) on any Interest Payment Date after the First Reset Date,

in each case at their principal amount together with any Arrears of Interest and any other accrued and unpaid interest to (but excluding) the date of redemption.

Subject as aforesaid, upon expiry of such notice, the Issuer shall redeem the Notes.

(e) *Redemption, variation or substitution for taxation reasons*

Subject to Conditions 8(b) and 8(h), if the Issuer satisfies the Trustee immediately before the giving of the notice referred to below that:

- (i) as a result of any change in (or proposed change in), or amendment to (or proposed amendment to), the laws or regulations of a Relevant Jurisdiction (including any treaty to which such Relevant Jurisdiction is a party), or any change (or proposed change in) in the application or official or generally published interpretation of the laws or regulations of a Relevant Jurisdiction (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 official or 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 Notes), which change or amendment becomes (or would become) effective on or after the Issue Date, on the next Interest Payment Date either (a) the Issuer would be required to pay additional amounts as provided or referred to in Condition 10; or (b) the Guarantor in making payment of Guaranteed Amounts would be required to pay such additional amounts; or (c) the payment of interest (or any Guaranteed Amounts in respect of interest) would be treated as a “distribution” for United Kingdom corporation tax purposes or the Issuer or the Guarantor would otherwise not be able to claim a deduction from taxable profits for United Kingdom corporation tax purposes for interest (or any Guaranteed Amounts in respect of interest) payable on the Notes or for a material part of such interest (or Guaranteed Amounts in respect of such interest); or (d) where (A) in respect of the payment of interest (or any Guaranteed Amounts in respect of interest), the Issuer or the Guarantor, as the case may be, incurs a loss or a non-trading loan relationship deficit for United Kingdom corporation tax purposes in respect of such interest or Guaranteed Amounts in relation to an accounting period; and (B) other companies with which the Issuer or the Guarantor (as the case may be) is grouped for the purpose of group relief from applicable United Kingdom corporation tax have profits chargeable to United Kingdom corporation tax in respect of that accounting period but such loss or deficit is not capable of being surrendered to offset such profits chargeable to United Kingdom corporation tax of such other companies for United Kingdom corporation tax purposes (whether under the group relief system current as at the Issue Date or any similar system or systems having like effect as may from time to time exist); and
- (ii) the effect of the foregoing cannot be avoided by the Issuer or, as the case may be, the Guarantor taking reasonable measures available to it,

the Issuer may at its option (without any requirement for the consent or approval of the Noteholders) and having given not less than 30 nor more than 60 days’ notice to the Trustee, the Principal Paying Agent, the Registrar and, in accordance with Condition 14, the Noteholders (which notice shall be irrevocable) either:

- (1) redeem all (but not some only) of the Notes, at any time at their principal amount, together with any Arrears of Interest and any other accrued and unpaid interest to (but excluding) the date of redemption, provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which:
 - (A) with respect to Conditions 8(e)(i)(a) and 8(e)(i)(b) above, the Issuer or, as the case may be, the Guarantor would be obliged to pay such additional amounts;
 - (B) with respect to Condition 8(e)(i)(c) above, a payment of interest (or Guaranteed Amounts in respect of interest) would be treated as a “distribution” for United Kingdom corporation tax purposes or otherwise not deductible from taxable profits for United Kingdom corporation tax purposes (or a material part of it would not be so deductible), in each case as referred to in Condition 8(e)(i)(c) above; or

- (C) with respect to Condition 8(e)(i)(d) above, a payment of interest (or Guaranteed Amounts in respect of interest) would cause a loss or non-trading loan relationship deficit for United Kingdom corporation tax purposes which is not capable of being surrendered as referred to in Condition 8(e)(i)(d) above, in each case were a payment in respect of the Notes then due; or
- (2) substitute at any time all (but not some only) of the Notes for, or vary at any time the terms of the Notes so that they become or remain, Qualifying Dated Tier 2 Securities, and the Trustee shall (subject to the receipt by it of the certificates of the Directors referred to in Condition 8(h) below and in the definition of “Qualifying Dated Tier 2 Securities”) agree to such substitution or variation.

Subject as aforesaid, upon expiry of such notice the Issuer shall either redeem, vary or substitute the Notes, as the case may be.

(f) *Redemption, substitution or variation at the option of the Issuer due to a Capital Disqualification Event or Ratings Methodology Event*

Subject to Conditions 8(b) and 8(h), if a Capital Disqualification Event or a Ratings Methodology Event has occurred and is continuing, or the Issuer or the Guarantor satisfies the Trustee that, as a result of any change in, or amendment to, or any change in the application or official interpretation of, any applicable ratings methodology, a Ratings Methodology Event will occur within a period of six months, then the Issuer may, having given not less than 30 nor more than 60 days’ notice to the Noteholders in accordance with Condition 14, the Trustee, the Principal Paying Agent and the Registrar, which notice (subject as aforesaid) shall be irrevocable, either:

- (1) at any time redeem all (but not some only) of the Notes at their principal amount, together with any Arrears of Interest and any other accrued and unpaid interest to (but excluding) the date of redemption; or
- (2) at any time substitute all (and not some only) of the Notes for, or vary the terms of the Notes so that they become or remain (A) in the case of a substitution or variation in connection with a Capital Disqualification Event, Qualifying Dated Tier 2 Securities or (B) in the case of a substitution or variation in connection with a Ratings Methodology Event, Rating Agency Compliant Securities, and in either case the Trustee shall (subject to the receipt by it of the certificates of the Directors referred to in Condition 8(h) below, in the definition of “Qualifying Dated Tier 2 Securities” and (in the case of a substitution or variation in connection with a Ratings Methodology Event) in the definition of “Rating Agency Compliant Securities”) agree to such substitution or variation.

Subject as aforesaid, upon expiry of such notice the Issuer shall either redeem, vary or substitute the Notes, as the case may be.

(g) *Trustee role on redemption, variation or substitution; Trustee not obliged to monitor*

Subject to Condition 8(h), the Trustee shall (at the expense of the Issuer) use its reasonable endeavours to co-operate with the Issuer and the Guarantor (including, but not limited to, entering into such documents or deeds as may be necessary) to give effect to the substitution or variation of the Notes for or into Qualifying Dated Tier 2 Securities pursuant to Condition 8(e) or Qualifying Dated Tier 2 Securities or Rating Agency Compliant Securities (as the case may be) pursuant to Condition 8(f) above, provided that the Trustee shall not be obliged to co-operate in any such substitution or variation if the securities into which the Notes are to be substituted or are to be varied or the co-operation in such

substitution or variation imposes, in the Trustee's opinion, more onerous obligations upon it or exposes it to liabilities or reduces its protections, in each case as compared with the corresponding obligations, liabilities or, as appropriate, protections under the Notes. If the Trustee does not so co-operate as provided above, the Issuer or the Guarantor may, subject as provided above, redeem the Notes as provided in this Condition 8.

The Trustee shall not be under any duty to monitor whether any event or circumstance has happened or exists for the purposes of this Condition 8 and will not be responsible to Noteholders for any loss arising from any failure by it to do so. Unless and until the Trustee has actual knowledge of the occurrence of any event or circumstance to which this Condition 8 relates, it shall be entitled to assume that no such event or circumstance exists or has arisen.

(h) *Preconditions to redemption, variation, substitution and purchases*

- (i) Prior to the publication of any notice of redemption, variation or substitution pursuant to Condition 8(e) or 8(f), the Issuer, failing whom the Guarantor, shall deliver to the Trustee a certificate signed by two Directors of the Issuer or the Guarantor, as the case may be, stating that either:
- (1) one or more of the requirements referred to in Condition 8(e)(i) above will apply on the next Interest Payment Date and cannot be avoided by the Issuer or, as the case may be, the Guarantor taking reasonable measures available to it; or
 - (2) a Capital Disqualification Event or a Ratings Methodology Event has occurred and is continuing as at the date of the certificate (or, as the case may be, a Ratings Methodology Event will occur within a period of six months).

The Trustee shall be entitled to accept such certificate as sufficient evidence of the satisfaction of the conditions precedent set out above, in which event it shall be conclusive and binding on the Issuer, the Guarantor, the Trustee, the Noteholders and all other interested parties. The Trustee shall be entitled to rely absolutely on such certificate without liability to any person and without any obligation to verify or investigate the accuracy thereof.

- (ii) Any redemption or purchase of the Notes and any substitution or variation of the terms of the Notes is subject to the Issuer or, as the case may be, the Guarantor having complied with the Regulatory Clearance Condition. Prior to the publication of any notice of redemption or any substitution, variation or purchase of the Notes, the Issuer or, as the case may be, the Guarantor will be required to have complied with the Regulatory Clearance Condition and (in the case of any redemption or purchase) be in continued compliance with the Regulatory Capital Requirements and the Solvency Condition. A certificate from any two Directors of the Issuer or the Guarantor to the Trustee confirming such compliance shall be conclusive and binding on the Issuer, the Guarantor, the Trustee, the Noteholders and all other interested parties. The Trustee shall be entitled to accept such certificate as sufficient evidence of such compliance and shall be entitled to rely absolutely on such certificate without liability to any person and without any obligation to verify or investigate the accuracy thereof.
- (iii) Any redemption or purchase of the Notes by the Issuer or the Guarantor before the fifth anniversary of the Reference Date may only be made:
- (A) on condition that such redemption or purchase is funded (to the extent then required by the PRA or the Relevant Rules) out of the proceeds of a new issuance of capital of at least the same quality as the Notes (or, alternatively, in the case of a purchase of Notes only, by

means of an exchange of such Notes for a new issuance of capital of at least the same quality as the Notes) and that such redemption or purchase is otherwise permitted under the Relevant Rules; or

- (B) in the case of any redemption prior to the fifth anniversary of the Reference Date pursuant to Condition 8(e) or due to a Capital Disqualification Event pursuant to Condition 8(f), on condition that such redemption or purchase is permitted under the Relevant Rules and that the PRA is satisfied that the Solvency Capital Requirement applicable to the Guarantor, the Insurance Group and each member of the Insurance Group will be exceeded by an appropriate margin immediately after such redemption (taking into account the solvency position of the Guarantor and all or such relevant part of the Insurance Group, including by reference to the Guarantor's or the Insurance Group's medium-term capital management plan); and
 - (I) in the case of redemption pursuant to Condition 8(e), on condition that the Issuer has demonstrated to the satisfaction of the PRA that the applicable change in tax treatment is material and was not reasonably foreseeable as at the Reference Date; or
 - (II) in the case of redemption pursuant to Condition 8(f) following the occurrence of a Capital Disqualification Event, on condition that the PRA considers that the relevant change in the regulatory classification of the Notes is sufficiently certain and that the Issuer has demonstrated to the satisfaction of the PRA that such change was not reasonably foreseeable as at the Reference Date.

Notwithstanding the above conditions, if, at the time of any redemption, substitution, variation or purchase of the Notes, the prevailing Relevant Rules 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 8(h), the Issuer and the Guarantor shall comply with such other and/or, as appropriate, additional pre-condition(s).

A certificate from any two Directors of the Issuer or the Guarantor (as applicable) to the Trustee confirming compliance with the relevant conditions referred to in this paragraph (iii) shall be conclusive and binding on the Issuer, the Guarantor, the Trustee, the Noteholders and all other interested parties. The Trustee shall be entitled to accept such certificate as sufficient evidence of such compliance and shall be entitled to rely absolutely on such certificate without liability to any person and without any obligation to verify or investigate the accuracy thereof.

(i) *Compliance with stock exchange rules*

In connection with any substitution or variation of the Notes in accordance with Condition 8(e) or Condition 8(f), the Issuer and the Guarantor shall comply with the rules of any stock exchange or other relevant authority on which the Notes are for the time being listed or admitted to trading.

(j) *Purchases*

Subject to Conditions 8(h)(ii) and (iii), the Issuer, the Guarantor or any of the Guarantor's other Subsidiaries may at any time purchase Notes in any manner and at any price. All Notes purchased by or on behalf of the Issuer, the Guarantor or any other Subsidiary of the Guarantor may be held, reissued, resold or, at the option of the relevant purchaser, surrendered for cancellation to the Registrar.

(k) *Cancellations*

All Notes redeemed or substituted by the Issuer pursuant to this Condition 8, and all Notes purchased and surrendered for cancellation pursuant to Condition 8(j), will forthwith be cancelled. Any Notes so surrendered for cancellation may not be reissued or resold and the obligations of the Issuer and the Guarantor in respect of any such Notes shall be discharged.

9 Restrictions following Deferral of Interest or Principal

- (a) During any period beginning on the earlier of (i) the date on which the Issuer or the Guarantor gives notice in accordance with these Conditions or otherwise publicly announces that it intends to defer any forthcoming payment of interest or principal and (ii) the date on which the Issuer or the Guarantor becomes obliged to give notice of such deferral of interest or principal pursuant to and in accordance with these Conditions and, in either case, ending on the date on which the obligation to make payment of all such deferred interest (including any Arrears of Interest) and/or principal is satisfied in full by the Issuer or the Guarantor, as the case may be, in accordance with these Conditions (each a “**Restriction Period**”):
- (i) none of the Guarantor, the board of directors of the Guarantor nor any committee thereof shall resolve on, or publicly declare, any distribution to members which distribution falls within the Profit Share Arrangements and which would be paid or allocated during the Restriction Period; and
 - (ii) neither the Issuer nor the Guarantor shall (and the Guarantor shall procure that no Subsidiary of the Guarantor shall) purchase, redeem, cancel, reduce or otherwise acquire (directly or indirectly) any Notes or any Subordinated Obligations, save where:
 - (A) the Issuer, the Guarantor or the relevant Subsidiary is not able to avoid such obligation to purchase, redeem, cancel, reduce or otherwise acquire such Notes or the relevant Subordinated Obligations in accordance with their respective terms; or
 - (B) the Issuer, the Guarantor or the relevant Subsidiary does so pursuant to a public cash tender offer or public offer to exchange such Notes or Subordinated Obligations, provided that (in the case of a cash tender offer) the cash amount or (in the case of an offer to exchange) the market value of the exchange consideration and any cash amount payable does not (in either case) exceed an amount equal to the principal amount of the Notes or the Subordinated Obligations (as the case may be) so tendered or exchanged (together with any Arrears of Interest and any accrued but unpaid interest on the Notes or any arrears of interest and any accrued but unpaid interest on such Subordinated Obligations, as the case may be).
- (b) The restriction set out in Condition 9(a)(i) shall not apply to:
- (i) any Asset Share-based distribution declared in respect of a with-profits policy as contemplated in the relevant PPFM, and any other rights of any policyholder of the Guarantor to receive a contractual benefit under his policy, in the ordinary course of business or any distribution to with-profits policyholders out of the with-profits fund or funds of the Guarantor;
 - (ii) any payment to members of a distribution which falls within the Profit Share Arrangements but which is resolved upon, publicly declared, paid or allocated prior to the commencement of or following the end of the relevant Restriction Period; or

- (iii) any distribution or dividend to members in respect of any instrument or item held directly or indirectly by such members or any of them and which constitutes own funds of the Guarantor or the Insurance Group.

10 Taxation

(a) *Payment without withholding*

All payments of principal, interest, Arrears of Interest and any other amounts by or on behalf of the Issuer or the Guarantor in respect of the Notes or under the Guarantee shall be made free and clear of, and without withholding or deduction for, any 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 (including Arrears of Interest, and payments of Guaranteed Amounts in respect of interest and Arrears of Interest), but not principal or any other amount (or Guaranteed Amounts in respect of principal or any other amount), the Issuer or, as the case may be, the Guarantor shall pay such additional amounts as will result in receipt by the Noteholders of such amounts as would have been received by them had no such withholding or deduction been required, except that no such additional amounts shall be payable in respect of any Note:

- (i) *Other connection*: held by or on behalf of a holder who is liable to such taxes, duties, assessments or governmental charges in respect of such Note by reason of his having some connection with the Relevant Jurisdiction other than the mere holding of the Note; or
- (ii) *Lawful avoidance of withholding*: 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; or
- (iii) *Surrender more than 30 days after the Relevant Date*: in respect of which the Certificate representing such Note is (where presentation is required under these Conditions) presented for payment more than 30 days after the Relevant Date except to the extent that the holder of it would have been entitled to such additional amounts on surrendering the Certificate representing such Note for payment on the last day of such period of 30 days.

Notwithstanding any other provision of these Conditions, any amounts to be paid on the Notes by or on behalf of the Issuer or by the Guarantor pursuant to the Guarantee will be paid net of any deduction or withholding imposed or required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986, as amended (the “**Code**”), or otherwise imposed pursuant to Sections 1471 through 1474 of the Code (or any regulations thereunder or official interpretations thereof) or an intergovernmental agreement between the United States and another jurisdiction facilitating the implementation thereof (or any fiscal or regulatory legislation, rules or practices implementing such an intergovernmental agreement) (any such withholding or deduction, a “**FATCA Withholding**”). None of the Issuer, the Guarantor or any other person will be required to pay any additional amounts in respect of FATCA Withholding.

“**Relevant Date**” in respect of any Note means the date on which payment in respect of it first becomes due or (if any amount of the money payable is improperly withheld or refused) the date on which payment in full of the amount outstanding is made or (if earlier) the date seven days after that on which notice is duly given to the Noteholders that, upon further surrender of the Certificate representing such

Note being made in accordance with these Conditions, such payment will be made, provided that payment is in fact made upon such surrender.

(b) *Additional Amounts*

Any reference in these Conditions to any amounts in respect of interest (including Arrears of Interest, and payments of Guaranteed Amounts in respect of interest and Arrears of Interest) payable in respect of the Notes or the Guarantee shall be deemed also to refer to any additional amounts which may be payable under this Condition 10 or under any undertakings given in addition to, or in substitution for, this Condition 10 pursuant to the Trust Deed.

11 Prescription

Claims against the Issuer in respect of principal, interest and Arrears of Interest will become prescribed unless made within 10 years (in the case of principal) and five years (in the case of interest) from the Relevant Date in respect of them. Claims against the Guarantor for payment in respect of Guaranteed Amounts will become prescribed unless made within 10 years (in the case of Guaranteed Amounts relating to principal) or five years (in the case of Guaranteed Amounts relating to interest or Arrears of Interest) from the Relevant Date in respect of them.

12 Events of Default

(a) *Right to institute and/or prove in a winding-up*

- (i) *Issuer non-payment*: If (1) neither an Issuer Winding-Up nor a Guarantor Winding-Up has occurred or (2) an Issuer Winding-Up occurs at any time when a Guarantor Winding-Up has not also occurred or is not occurring and, in either case, the Issuer is in default in the payment of any interest (including any Arrears of Interest) or of any principal due in respect of the Notes or any of them, then the Trustee and the Noteholders may, in accordance with Condition 3(b) and the terms of the Guarantee, but subject also to Conditions 3(c), 6(a), 6(b) and 8(b), claim under the Guarantee for such payments due but may take no further or other action to enforce, prove or claim for any payment by the Issuer in respect of the Notes or the Trust Deed.
- (ii) *Issuer Winding-Up together with Guarantor Winding-Up*: If an Issuer Winding-Up occurs at any time when a Guarantor Winding-Up has also occurred or is occurring, the Trustee and the Noteholders may claim under the Guarantee for the Guaranteed Amounts and the Trustee at its discretion may, and if so requested by Noteholders of at least one-fifth in principal amount of the Notes then outstanding or if so directed by an Extraordinary Resolution shall (but in each case subject to it having been indemnified and/or secured and/or pre-funded to its satisfaction):
 - (x) give notice to the Issuer that the Notes are, and they shall accordingly forthwith become, immediately due and payable at their principal amount, together with any Arrears of Interest and any other accrued and unpaid interest; and
 - (y) prove in the relevant winding-up or administration of the Issuer and/or the Guarantor (whether in England and Wales or elsewhere) and/or claim in the liquidation of the Issuer and/or the Guarantor (whether in England and Wales or elsewhere), but may take no further or other action to enforce, prove or claim for any payment by the Issuer or the Guarantor in respect of the Notes or the Trust Deed (including, without limitation, the Guarantee).
- (iii) *Guarantor non-payment or Guarantor Winding-Up*: If

- (A) default is made by the Guarantor for a period of 14 days or more in the payment of any amount due under the Guarantee; or
- (B) the Guarantor is in a Guarantor Winding-Up where an Issuer Winding-Up has not occurred or is not occurring,

the Trustee at its discretion may, and if so requested by Noteholders of at least one fifth in principal amount of the Notes then outstanding or if so directed by an Extraordinary Resolution shall (but in each case subject to it having been indemnified and/or secured and/or pre-funded to its satisfaction):

- (x) give notice to the Issuer that the Notes are, and they shall accordingly forthwith become, immediately due and payable at an amount equal to their principal amount together with any Arrears of Interest and any other accrued and unpaid interest; and
- (y) in the case of Condition 12(a)(iii)(A) above, institute proceedings for the winding-up of the Guarantor in England and Wales (but not elsewhere) and, in the case of Condition 12(a)(iii)(A) or (B) above, prove in the winding-up and/or administration of the Guarantor (whether in England and Wales or elsewhere) and/or claim in the liquidation of the Guarantor (whether in England and Wales or elsewhere),

but (in either case) may take no further or other action against either the Issuer or the Guarantor to enforce, prove or claim for any payment due in respect of the Notes or the Trust Deed (including the Guarantee), save as provided in Condition 3(b)(iv).

Any claim against the Issuer or, as appropriate, the Guarantor pursuant to this Condition 12(a)(iii) for amounts in respect of principal, interest and/or Arrears of Interest or, as the case may be, Guaranteed Amounts, shall be reduced if, and to the extent that, any amounts in respect of the same are first paid by or recovered from the Guarantor or, as appropriate, the Issuer and any claim against the Guarantor or, as appropriate, (and in addition to the assignments set out in Conditions 3(b)(i) and (ii)), the Issuer for amounts in respect of Guaranteed Amounts or, as appropriate, principal, interest and/or Arrears of Interest shall be reduced if, and to the extent that, any amounts in respect of the same are first paid by or recovered from the Issuer or, as appropriate, the Guarantor.

(b) Enforcement

Without prejudice to Condition 12(a), the Trustee may at its discretion and without further notice institute such proceedings or take such steps or actions against the Issuer or the Guarantor as it may think fit to enforce any term or condition binding on the Issuer or the Guarantor (as the case may be) under the Trust Deed or the Notes (other than any payment obligation of the Issuer or the Guarantor under or arising from the Notes or the Trust Deed (including the Guarantee), including any payment of damages awarded for breach of any obligations thereunder) but in no event shall the Issuer or the Guarantor, by virtue of the institution of any such proceedings or the taking of such steps or actions, be obliged to pay any sum or sums, in cash or otherwise, sooner than the same would otherwise have been payable by it. Nothing in this Condition 12(b) shall, however, prevent the Trustee or the Noteholders from pursuing the remedies to which they are entitled pursuant to Condition 12(a).

(c) Entitlement of Trustee

The Trustee shall not be bound to take any of the actions referred to in Condition 12(a) or 12(b) above against the Issuer or the Guarantor to enforce the terms of the Trust Deed, the Notes or any other action under or pursuant to the Trust Deed unless (a) it shall have been so directed by an Extraordinary

Resolution of the Noteholders or requested in writing by the holders of at least one-fifth in principal amount of the Notes then outstanding and (b) it shall have been indemnified and/or secured and/or pre-funded to its satisfaction. The Trustee may refrain from taking any action in any jurisdiction if the taking of such action in that jurisdiction would, in its opinion based upon legal advice in the relevant jurisdiction, be contrary to any law of that jurisdiction. Furthermore, the Trustee may also refrain from taking such action if it would otherwise render it liable to any person in that jurisdiction or if, in its opinion based upon such legal advice, it would not have the power to do the relevant thing in that jurisdiction by virtue of any applicable law in that jurisdiction or if it is determined by any court or other competent authority in that jurisdiction that it does not have such power.

(d) *Right of Noteholders*

No Noteholder shall be entitled to proceed directly against the Issuer or the Guarantor or to institute proceedings for the winding-up or claim in the liquidation of the Issuer or the Guarantor or to prove in such winding-up unless the Trustee, having become so bound to proceed or being able to prove in such winding-up or claim in such liquidation, fails or is unable to do so within 60 days and such failure or inability shall be continuing, in which case the Noteholders shall have only such rights against the Issuer and the Guarantor (as appropriate) as those which the Trustee is entitled to exercise as set out in this Condition 12.

(e) *Extent of Noteholders' remedy*

No remedy against the Issuer or the Guarantor, other than as referred to in this Condition 12, shall be available to the Trustee or the Noteholders, whether for the recovery of amounts owing in respect of the Notes or under the Trust Deed or in respect of any breach by the Issuer or the Guarantor of any of its other obligations under or in respect of the Notes or under the Trust Deed.

13 Replacement of Certificates

If any Certificate is lost, stolen, mutilated, defaced or destroyed it may be replaced at the specified office of the Registrar or other Transfer Agent (or any other place notice of which shall have been given in accordance with Condition 14) upon payment by the claimant of the expenses incurred in connection with the replacement and on such terms as to evidence and indemnity as the Issuer or the Guarantor may reasonably 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 Notices

All notices to the Noteholders will be valid if mailed to them at their respective addresses in the Register. The Issuer shall also ensure that notices are duly given or published in a manner which complies with the rules and regulations of any stock exchange or other relevant authority on which the Notes are for the time being listed. Any notice shall be deemed to have been given on the earlier of (i) the second day after being so mailed and (ii) the date of publication (or, if so published more than once or on different dates, on the date of the first publication).

15 Substitution of Issuer or Guarantor

Subject to the Issuer or the Guarantor (as applicable) obtaining the prior approval of the PRA in respect thereof, the Trustee shall, at the request of the Issuer and the Guarantor, agree with the Issuer and the Guarantor, without the consent of the Noteholders:

- (i) to the substitution of the Guarantor in place of the Issuer as principal debtor under the Trust Deed and the Notes; or
- (ii) (subject to the Notes remaining unconditionally and irrevocably guaranteed on a subordinated basis, in accordance with Condition 4, by the Guarantor), to the substitution of a Subsidiary or parent company of the Issuer or its successor in business or the Guarantor or its successor in business in place of the Issuer or any previous substitute under this Condition 15 as principal debtor under the Trust Deed and the Notes; or
- (iii) to the substitution of a successor in business to the Guarantor in place of the Guarantor or any previous substitute under this Condition 15,

(each such substitute being hereinafter referred to as the “**Substituted Obligor**”), provided that in each case:

- (1) a trust deed or some other form of undertaking, supported by one or more legal opinions, is executed by the Substituted Obligor in a form and manner satisfactory to the Trustee, agreeing to be bound by the terms of the Trust Deed and (in the case of (i) and (ii) above) the Notes, with any consequential amendments which the Trustee may deem appropriate, as fully as if the Substituted Obligor had been named in the Trust Deed and (in the case of (i) and (ii) above) the Notes, as the principal debtor in place of the Issuer (in the case of (i) and (ii) above) or as the guarantor in place of the Guarantor (in the case of (iii) above) (or of any relevant previous Substituted Obligor, as the case may be);
- (2) the Substituted Obligor delivers to the Trustee one or more legal opinions addressed to the Trustee, the Issuer and the Guarantor in a form approved by, and provided to, the Trustee that (i) it has obtained all necessary governmental and regulatory approvals and consents necessary for its assumptions of the duties and liabilities as Substituted Obligor under the Trust Deed and (in the case of (i) and (ii) above) the Notes in place of the Issuer or the Guarantor (as applicable) or, as the case may be, any previous Substituted Obligor and (ii) such approvals and consents are at the time of substitution in full force and effect. The Trustee may rely absolutely on such legal opinions without liability to any person and without any obligation to verify or investigate the accuracy thereof;
- (3) two Directors (or other officers acceptable to the Trustee) of the Substituted Obligor certify that the Substituted Obligor is solvent at the time at which the substitution is proposed to be in effect and immediately thereafter (and the Trustee may rely absolutely on such certification without liability to any person and shall not be bound to have regard to the financial condition, profits or prospects of the Substituted Obligor or to compare the same with those of the Issuer or (as the case may be) the Guarantor or (as the case may be) any previous Substituted Obligor);
- (4) (without prejudice to the generality of the foregoing) the Trustee may, in the event of such substitution agree, without the consent of the Noteholders, to a change in the law governing the Trust Deed and/or the Notes if in the opinion of the Trustee such change would not be materially prejudicial to the interests of the Noteholders;
- (5) if the Substituted Obligor is, or becomes, subject generally to the taxing jurisdiction of a territory or any authority of or in that territory with power to tax (the “**Substituted Territory**”) other than the territory of the taxing jurisdiction of which (or to any such authority of or in which) the Issuer or (as the case may be) the Guarantor (or any previous Substituted Obligor) is subject generally (the “**Original Territory**”), the Substituted Obligor will (unless the Trustee otherwise agrees) give to the Trustee an undertaking satisfactory to the Trustee in terms corresponding to Condition 10 with the substitution for the references in that Condition and in the term “**Relevant Jurisdiction**” as applied in Condition 8(e) to the Original Territory of references to the Substituted Territory whereupon the Trust Deed and the Notes will be read accordingly;

- (6) the Issuer, the Guarantor and the Substituted Obligor comply with such other requirements as the Trustee considers in its absolute discretion to be appropriate; and
- (7) in the case of a substitution of the Guarantor pursuant to Condition 15(iii) only, if the Notes are rated (where such rating was assigned or is then being maintained at the request or with the cooperation of the Issuer or the Guarantor) by one or more credit rating agencies of international standing immediately prior to such substitution, the Notes shall continue to be rated by each such rating agency immediately following such substitution, and the credit ratings assigned to the Notes by each such rating agency immediately following such substitution are to be no less than those assigned to the Notes immediately prior thereto.

16 Meetings of Noteholders, Modification, Waiver and Authorisation

(a) Meetings of Noteholders

Any modification to these Conditions or any provisions of the Trust Deed will be subject to the Issuer or the Guarantor satisfying the Regulatory Clearance Condition.

The Trust Deed contains provisions for convening meetings of the Noteholders to consider any matter affecting their interests, including the modification or abrogation by Extraordinary Resolution of any of these Conditions or any of the provisions of the Trust Deed. Such a meeting may be convened by the Issuer, the Guarantor, the Trustee or Noteholders holding not less than 10 per cent. in principal amount of the Notes for the time being outstanding. The quorum at any meeting for passing an Extraordinary Resolution will be two or more persons present holding or representing a clear majority in principal amount of the Notes for the time being outstanding, or at any adjourned such meeting two or more persons present whatever the principal amount of the Notes held or represented by him or them, except that, at any meeting the business of which falls within the proviso to paragraph 3 of Schedule 3 to the Trust Deed, the necessary quorum for passing an Extraordinary Resolution will be two or more persons present holding or representing not less than 75 per cent., or at any adjourned such meeting not less than 25 per cent., of the principal amount of the Notes for the time being outstanding.

The Trust Deed also provides that a written resolution executed by or on behalf of the holders of not less than 75 per cent. in principal amount of the Notes outstanding who would have been entitled to vote upon it if it had been proposed at a meeting at which they were present shall take effect as if it were an Extraordinary Resolution.

An Extraordinary Resolution passed at any duly convened and held meeting of the Noteholders or by way of a written resolution will be binding on all Noteholders, whether or not they are present at the meeting or (as the case may be) whether or not they execute the written resolution.

The agreement or approval of the Noteholders shall not be required in the case of any variation of these Conditions and/or the Trust Deed required to be made in connection with the substitution or variation of the Notes pursuant to Condition 8(e) or 8(f) or any consequential amendments to these Conditions and/or the Trust Deed approved by the Trustee in connection with a substitution of the Issuer or the Guarantor pursuant to Condition 15.

(b) Modification, waiver, authorisation and determination

The Trustee may agree, without the consent of the Noteholders, to any modification of, or to the waiver or authorisation of any breach or proposed breach of, any of these Conditions or any of the provisions of the Trust Deed: (i) which is not, in the opinion of the Trustee, materially prejudicial to the interests of the Noteholders; (ii) which, in its opinion, is of a formal, minor or technical nature or to correct a

manifest error; or (iii) which is required in connection with Condition 8(e), 8(f) or 15. For the avoidance of doubt, such power shall not extend to any such modification as mentioned in the proviso to paragraph 3 of Schedule 3 to the Trust Deed unless required for the substitution or variation of the Notes pursuant to Condition 8(e) or 8(f) or any consequential amendments to these Conditions and/or the Trust Deed approved by the Trustee in connection with a substitution of the Issuer or the Guarantor pursuant to Condition 15.

(c) *Trustee to have regard to interests of Noteholders as a class*

In connection with the exercise by it of any of its trusts, powers, authorities and discretions (including, without limitation, any modification, waiver, authorisation, determination or substitution of obligor), the Trustee shall have regard to the general interests of the Noteholders as a class but shall not have regard to any interests arising from circumstances particular to individual Noteholders (whatever their number) and, in particular but without limitation, shall not have regard to the consequences of any such exercise for individual Noteholders (whatever their number) resulting from their being for any purpose domiciled or resident in, or otherwise connected with, or subject to the jurisdiction of, any particular territory or any political sub-division thereof and the Trustee shall not be entitled to require, nor shall any Noteholder be entitled to claim, from the Issuer, the Guarantor, the Trustee or any other person any indemnification or payment in respect of any tax consequence of any such exercise upon individual Noteholders except to the extent already provided for in Condition 10 and/or any undertaking given in addition to, or in substitution for, Condition 10 pursuant to the Trust Deed.

(d) *Notification to the Noteholders*

Any modification, abrogation, waiver, authorisation, determination or substitution pursuant to this Condition 16 shall be binding on the Noteholders and, unless the Trustee agrees otherwise, shall be notified by the Issuer to the Noteholders as soon as practicable thereafter in accordance with Condition 14.

17 **Transfer of Business of the Guarantor**

In connection with any transfer of the whole or a substantial part of its business:

- (i) to another body in accordance with Part VII (Control of Business Transfers) of the FSMA (a “**Successor**”); or
- (ii) to a single legal entity where such transfer is pursuant to the exercise by the PRA or by any regulatory authority under the Financial Services Compensation Scheme of its powers in connection with any applicable law, rule or regulation,

the Guarantor shall procure that, subject to receiving the prior approval of the PRA, there be included in the transfer, all the liabilities and obligations of the Guarantor as obligor under the Guarantee and references in these Conditions and the Trust Deed to the Guarantor shall be construed accordingly. Any such transfer may be made without prior approval from the Trustee or the Noteholders, but is without prejudice to any statutory right of the Trustee or the Noteholders to raise objections in respect of any such transfer.

In this Condition 17, “**a substantial part**” means any part which, as at the most recent valuation date by reference to the latest published financial statements of the Guarantor and as certified in writing by two Directors of the Guarantor to the Trustee, represents 50 per cent. or more of liabilities (where the amount of the liabilities of the Guarantor is deemed to mean the same as the technical provisions of the Guarantor, net of reinsurance) relating to policies underwritten by the Guarantor.

18 Indemnification of the Trustee and its Contracting with the Issuer and the Guarantor

(a) *Indemnification of the Trustee*

The Trust Deed contains provisions for the indemnification of the Trustee and for its relief from responsibility and liability towards the Issuer, the Guarantor and the Noteholders, including (i) provisions relieving it from taking action unless indemnified and/or secured and/or pre-funded to its satisfaction and (ii) provisions limiting or excluding its liability in certain circumstances. The Trust Deed provides that, when determining whether an indemnity or any security or pre-funding is satisfactory to it, the Trustee shall be entitled (i) to evaluate its risk in any given circumstance by considering the worst-case scenario and (ii) to require that any indemnity or security given to it by the Noteholders or any of them be given on a joint and several basis and be supported by evidence satisfactory to it as to the financial standing and creditworthiness of each counterparty and/or as to the value of the security and an opinion as to the capacity, power and authority of each counterparty and/or the validity and effectiveness of the security.

(b) *Trustee contracting with the Issuer and the Guarantor*

The Trust Deed also contains provisions pursuant to which the Trustee is entitled, *inter alia*, (i) to enter into business transactions with the Issuer and/or the Guarantor and/or any of the Guarantor's other Subsidiaries and to act as trustee for the holders of any other securities issued or guaranteed by, or relating to, the Issuer and/or the Guarantor and/or any of the Guarantor's other Subsidiaries, (ii) to exercise and enforce its rights, comply with its obligations and perform its duties under or in relation to any such transactions or, as the case may be, any such trusteeship without regard to the interests of, or consequences for, the Noteholders, and (iii) to retain and not be liable to account for any profit made or any other amount or benefit received thereby or in connection therewith.

(c) *Reports and certificates*

The Trust Deed provides that the Trustee may rely and act upon on the advice, opinion or report of or any information obtained from any lawyer, valuer, accountant (including the auditors of the Issuer or the Guarantor), surveyor, banker, broker, auctioneer, or other expert (whether obtained by the Issuer, the Guarantor, the Trustee or otherwise, whether or not addressed to the Trustee, and whether or not the advice, opinion, report or information, or any engagement letter or other related document, contains a monetary or other limit on liability or limits the scope and/or basis of such advice, opinion, report or information). The Trustee may also rely and act upon certificates and/or information addressed to it from, or delivered by, the Issuer, the Guarantor, any Substituted Obligor or any one or more directors of the Issuer, the Guarantor or any Substituted Obligor or any of their respective auditors, liquidators, administrators or other insolvency officials. The Trustee will not be responsible to anyone for any liability occasioned by so relying and acting. Any such advice, opinion, information or certificate may be sent or obtained by letter, email, electronic communication or fax and the Trustee shall not be liable for acting in good faith on any advice, opinion, information or certificate purporting to be conveyed by such means even if it contains an error or is not authentic.

19 Further Issues

The Issuer may from time to time, without the consent of the Noteholders, create and issue further notes ranking *pari passu* in all respects (or in all respects save for the first payment of interest thereon) and so that the same shall be consolidated and form a single series with the outstanding Notes. Any further notes which are to form a single series with the outstanding Notes shall be constituted by a deed supplemental to the Trust Deed.

The Issuer shall only issue further notes which are to be consolidated and form a single series with the outstanding Notes if it is content that (i) such further notes will upon issue qualify as Tier 2 Capital of the Guarantor and the Insurance Group and (ii) the outstanding Notes will continue to qualify as Tier 2 Capital of the Guarantor and the Insurance Group following the issuance of such further notes and their consolidation to form a single series with the outstanding Notes.

20 Governing Law

The Trust Deed (including the Guarantee) and the Notes, and any non-contractual obligations arising out of or in connection with the Trust Deed (including the Guarantee) and/or the Notes, are governed by, and shall be construed in accordance with, English law.

21 Rights of Third Parties

No rights are conferred on any person under the Contracts (Rights of Third Parties) Act 1999 to enforce any term or condition of the Notes, but this does not affect any right or remedy of any person which exists or is available apart from that Act.

22 Defined Terms

In these Conditions:

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

“**Agents**” means the Principal Paying Agent, the Paying Agents, the Registrar and the Transfer Agents or any of them and shall include such other agents appointed from time to time under the Agency Agreement;

“**Arrears of Interest**” has the meaning given in Condition 6(d);

“**Asset Share**” means, in relation to a with-profits policy, the accumulation at investment rates of return (including, without limitation, capital appreciation and, where applicable, a contribution from miscellaneous profits) of premiums paid under the relevant with-profits policy less charges for expenses, taxation, the cost of benefits provided under the relevant with-profits policy and any charges for the cost of guarantees and the use of capital;

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

“**Business Day**” means (i) except for the purposes of Conditions 2 and 7(d), 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, (ii) for the purposes of Condition 2, a day (other than a Saturday, Sunday or public holiday) on which commercial banks are open for business in the city in which the specified office of the Registrar or Transfer Agent with whom a Certificate is deposited in connection with a transfer is located and (iii) for the purpose of Condition 7(d), a day (other than a Saturday, Sunday or public holiday) on which commercial banks are open for business in London and, in the case of surrender of a Certificate, in the place in which the Certificate is surrendered;

a “**Capital Disqualification Event**” shall be deemed to have occurred if at any time as a result of any change to the Relevant Rules (or change to the interpretation of the Relevant Rules by any court or authority entitled to do so) the whole or any part of the principal amount of the Notes is excluded from counting as Tier 2 Capital for the purposes of the Guarantor, the Insurance Group, or any insurance or reinsurance undertaking within the

Insurance Group whether on a solo, group or consolidated basis, except where such non-qualification is only as a result of any applicable limitation on the amount of such capital;

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

“**Companies Act**” means the Companies Act 2006 (as amended or re-enacted from time to time);

“**Directors**” means the directors of the Issuer, the Guarantor or the Substituted Obligor (as the case may be) from time to time;

“**EIOPA**” means the European Insurance and Occupational Pensions Authority;

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

“**Financial Services Compensation Scheme**” means the UK compensation scheme, established under the FSMA, which commenced operations on 1 December 2001 as a fund of last resort to protect deposits and certain other obligations, within prescribed limits, of customers of authorised financial services firms which are unable, or likely to become unable, to meet their obligations in respect thereof, or any successor or replacement scheme;

“**First Reset Date**” means 7 October 2039;

“**FSMA**” means the Financial Services and Markets Act 2000 (as amended or re-enacted from time to time);

“**Guarantee**” has the meaning given in Condition 4(a);

“**Guaranteed Amounts**” has the meaning given in Condition 4(a);

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

“**Guarantor Winding-Up**” has the meaning given in Condition 4(b);

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

“**Initial Margin**” means 4.10 per cent.;

“**Insolvent Insurer Winding-up**” means:

- (a) the winding-up of any insurance undertaking within the Insurance Group; or
- (b) the appointment of an administrator of any insurance undertaking within the Insurance Group,

in each case, where the Guarantor (acting reasonably) has determined that the assets of that insurance undertaking within the Insurance Group may or will be insufficient to meet all the claims of the policyholders pursuant to a contract of insurance of that insurance undertaking which is in winding-up or administration (and for these purposes, the claims of policyholders pursuant to a contract of insurance shall include all amounts to which policyholders are entitled under applicable legislation or rules relating to the winding-up of insurance undertakings to reflect any right to receive or expectation of receiving benefits which policyholders may have);

“**Insurance Group**” means the Guarantor (or any successor in business) and its Subsidiaries;

“**insurance undertaking**” has the meaning given to it in the Relevant Rules;

“**Interest Calculation Agent**” means the interest calculation agent to be appointed and maintained by the Issuer in the circumstances set out in Condition 5(f);

“**Interest Payment Date**” means 7 October in each year from (and including) 7 October 2020;

“**Interest Period**” means the period from (and including) the Issue Date to (but excluding) the first Interest Payment Date and each successive period from (and including) an Interest Payment Date to (but excluding) the next following Interest Payment Date;

“**Interest Rate**” means the Initial Interest Rate or the relevant Reset Rate, as applicable;

“**Issue Date**” means 7 October 2019;

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

“**Issuer Winding-Up**” means either (i) at any time 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 purpose of a reconstruction or amalgamation or the substitution in place of the Issuer of a successor in business of the Issuer, the terms of which reconstruction, amalgamation or substitution (a) have previously been approved in writing by the Trustee or by an Extraordinary Resolution and (b) do not provide that the Notes or any amount in respect thereof shall thereby become payable); or (ii) an administrator of the Issuer is appointed and such administrator gives notice that it intends to declare and distribute a dividend or other distribution of the assets of the Issuer;

“**Junior Obligations**” has the meaning given in Condition 4(b);

“**Level 2 Regulations**” means the Commission Delegated Regulation (EU) No. 2015/35 of 10 October 2014 (as amended) supplementing the Solvency II Directive;

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

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

“**Maturity Date**” has the meaning given in Condition 8(a);

“**Minimum Capital Requirement**” means the Minimum Capital Requirement or the minimum group Solvency Capital Requirement (as applicable) or any other minimum capital requirement, group minimum capital requirement or other equivalent capital requirement howsoever described in the Relevant Rules;

“**Noteholder**” has the meaning given in Condition 1(b);

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

“**Original Territory**” has the meaning given in Condition 15;

“**Parity Creditors**” means creditors of the Guarantor whose claims (including claims in respect of any guarantee given by the Guarantor) rank, or are expressed to rank, *pari passu* with the claims of the Noteholders (or the Trustee on their behalf) under the Guarantee, including holders of Parity Obligations;

“**Parity Obligations**” has the meaning given in Condition 4(b);

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

“**policyholder**” means, in respect of a contract of insurance, each policyholder specified in that contract of insurance and any other beneficiaries of that contract of insurance, all as determined in accordance with that contract of insurance and applicable law and regulation;

“**PPFM**” means each set of Principles and Practices of Financial Management of the Guarantor as applicable in the context setting out how the Guarantor conducts its with-profits business in relation to specified groups of its with-profits policyholders, as amended and updated from time to time;

“**PRA**” means the Prudential Regulation Authority or such successor or other authority having primary supervisory authority with respect to prudential matters in relation to the Guarantor and/or the Insurance Group;

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

“**Profit Share Arrangements**” means the declaration of a discretionary dividend in favour of certain eligible with-profits policyholders and/or unit-linked policyholders of the Guarantor which allows each such eligible policyholder in its capacity as such to participate in the trading results of the Insurance Group or any other miscellaneous surplus arising in the Guarantor which declaration (i) is at the discretion of the board of directors of the Guarantor (or a committee thereof) having assessed *inter alia* the capital required to (a) satisfy the rights and expectations of with-profits policyholders to receive Asset Share-based distributions in respect of their policies and to meet the Guarantor’s obligations to treat its customers fairly, (b) satisfy the Guarantor’s obligations to its other creditors and (c) support the conduct of the Guarantor’s business and (ii) is in addition to, and unconnected with, the rights and expectations of with-profits policyholders to receive an Asset Share-based distribution or allocation declared in respect of a with-profits policy as contemplated in the relevant PPFM of the Guarantor and/or any other rights of a policyholder to receive a contractual benefit under such policyholder’s policy in the ordinary course of business;

“**Qualifying Dated Tier 2 Securities**” means securities issued directly or indirectly by the Guarantor that:

- (a) have terms not materially less favourable to an investor than the terms of the Notes (as reasonably determined by the Guarantor in consultation with an investment bank, financial institution or other independent adviser of recognised standing, and provided that a certification to such effect (including as to the consultation with the investment bank, financial institution or other independent adviser and in respect of the matters specified below) signed by two Directors of the Guarantor shall have been delivered to the Trustee (upon which the Trustee shall be entitled to rely absolutely without liability to any person and without any obligation to verify or investigate the accuracy thereof) prior to the amendment or issue (as the case may be) of the relevant securities);
- (b) (subject to (a) above) they shall (1) contain terms which comply with then current requirements of the Relevant Rules in relation to Tier 2 Capital; (2) bear the same rate of interest from time to time applying to the Notes and preserve the same Interest Payment Dates; (3) if directly issued by the Guarantor rank or, if indirectly issued by the Guarantor benefit from a guarantee from the Guarantor which ranks, at least *pari passu* with the ranking of the Guarantee; (4) preserve the obligations of the Issuer and the Guarantor as to redemption of the Notes, including as to the timing of, and amounts payable upon redemption of the Notes; (5) preserve any existing rights under these Conditions to any accrued interest, any Arrears of Interest and any other amounts payable under the Notes which, in each case, has accrued to Noteholders but not been paid; and (6) do not include any provisions which require the write off or write down of any principal amount payable on such securities or conversion of such securities into equity; and
- (c) are listed or admitted to trading on the London Stock Exchange’s regulated market or such other stock exchange as is a Recognised Stock Exchange at that time as selected by the Issuer and approved by the Trustee;

“**Rating Agency**” means S&P Global Ratings Europe Limited or Moody’s Investors Service Limited or, in either case, any successor thereto;

“**Rating Agency Compliant Securities**” means securities issued directly or indirectly by the Guarantor that are:

- (a) Qualifying Dated Tier 2 Securities; and

(b) assigned substantially the same “equity credit” (or such other nomenclature as may be used by the relevant Rating Agency or Subsequent Rating Agency (if applicable) from time to time to describe the degree to which the terms of an instrument are supportive of an issuer’s senior obligations) or, at the absolute discretion of the Guarantor, a lower “equity credit” (provided such “equity credit” is still higher than the “equity credit” assigned to the Notes after the occurrence of the Ratings Methodology Event) as that which was assigned by each Rating Agency or Subsequent Rating Agency to the Notes (i) in the case of equity credit assigned by a Rating Agency, on or around the Issue Date or (ii) in the case of equity credit assigned by a Subsequent Rating Agency, on the date that such equity credit was first assigned by such Subsequent Rating Agency; and provided that a certification to such effect signed by two Directors of the Guarantor shall have been delivered to the Trustee prior to the issue of the relevant securities (upon which the Trustee shall be entitled to rely absolutely without liability to any person and without any obligation to verify or investigate the accuracy thereof);

a **“Ratings Methodology Event”** will be deemed to occur upon a change in methodology of a Rating Agency or a Subsequent Rating Agency (or in the interpretation of such methodology) as a result of which the “equity credit” (or such other nomenclature as may be used by that Rating Agency or that Subsequent Rating Agency from time to time to describe the degree to which the terms of an instrument are supportive of an issuer’s senior obligations in terms of either leverage or total capital) assigned by that Rating Agency or that Subsequent Rating Agency to the Notes is (or will be), as notified by that Rating Agency or that Subsequent Rating Agency to the Issuer or the Guarantor or as published by that Rating Agency or that Subsequent Rating Agency, reduced when compared to (i) in the case of a Rating Agency, the “equity credit” assigned by that Rating Agency to the Notes on or around the Issue Date or (ii) in the case of a Subsequent Rating Agency, the “equity credit” first assigned by that Subsequent Rating Agency to the Notes;

“Recognised Stock Exchange” means a recognised stock exchange as defined in section 1005 of the Income Tax Act 2007 (as amended or re-enacted from time to time);

“Reference Date” means, at any time, the later of (i) the Issue Date and (ii) if any further tranche(s) of the Notes has or have been issued pursuant to Condition 19 and consolidated to form a single series with the Notes, the date of issue of the then-latest such tranche of Notes as at such time;

“Register” has the meaning given in Condition 1(a);

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

“Regulatory Capital Requirements” means any applicable capital resources requirement or applicable overall financial adequacy rule required by the PRA pursuant to the Relevant Rules, as such requirements or rules are in force from time to time;

“Regulatory Clearance Condition” means, in respect of any proposed act on the part of the Issuer or the Guarantor (as the case may be), the PRA having consented to, or the PRA having confirmed its non-objection to, such act (in any case only if and to the extent such consent or non-objection is required by the Relevant Rules at the relevant time);

“Regulatory Deficiency Interest Deferral Date” means each Interest Payment Date in respect of which a Regulatory Deficiency Interest Deferral Event has occurred and is continuing or would occur if payment of interest were made on such Interest Payment Date;

“Regulatory Deficiency Interest Deferral Event” means (i) any event (including, without limitation, any event which causes any Solvency Capital Requirement or Minimum Capital Requirement applicable to the Guarantor, the Insurance Group or any member of the Insurance Group to be breached and where such breach is an event) which under the Relevant Rules requires the Issuer to defer a payment of interest under the Notes or the Guarantor to defer payment of Guaranteed Amounts in respect of interest under the Guarantee (on the

basis that the Notes are intended to qualify as Tier 2 Capital of the Guarantor and the Insurance Group) or (ii) the PRA having notified the Issuer or the Guarantor in writing that it has determined in accordance with the Relevant Rules at such time that the Issuer must defer a payment of interest under the Notes and/or the Guarantor must defer a payment of Guaranteed Amounts in respect of interest under the Guarantee and not having revoked such notification;

“Regulatory Deficiency Redemption Deferral Event” means (i) any event (including, without limitation, where an Insolvent Insurer Winding-up has occurred and is continuing and any event which causes any Solvency Capital Requirement or Minimum Capital Requirement applicable to the Guarantor, the Insurance Group or any member of the Insurance Group to be breached and where the continuation of such Insolvent Insurer Winding-up is, or as the case may be, such breach is, an event) which under the Relevant Rules requires the Issuer or the Guarantor to defer or suspend repayment or redemption of (or payment of any Guaranteed Amounts in respect of repayment or redemption of) the Notes (on the basis that the Notes are intended to qualify as Tier 2 Capital of the Guarantor and the Insurance Group) or (ii) the PRA having notified the Issuer or the Guarantor in writing that it has determined in accordance with the Relevant Rules at such time that the Issuer must defer making a payment of principal under the Notes and/or the Guarantor must defer making a payment under the Guarantee of Guaranteed Amounts in respect of a scheduled repayment or redemption of the Notes and not having revoked such notification;

“Relevant Date” has the meaning given in Condition 10(a);

“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 or the Guarantor, as the case may be, becomes subject in respect of payments made by it of principal and/or interest (including Arrears of Interest) on the Notes and/or any Guaranteed Amounts in respect thereof;

“Relevant Rules” means, at any time, any legislation, rules or regulations (whether having the force of law or otherwise) in the jurisdiction of the PRA and applicable to the Guarantor or the Insurance Group (including, without limitation and to the extent then applicable as aforesaid, Solvency II and any legislation, rules or regulations implementing Solvency II) and any relevant prudential rules for insurers applied by the PRA and any amendment, supplement or replacement of either thereof from time to time relating to the characteristics, features or criteria of own funds or capital resources;

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

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

“Reset Rate” means, with respect to a Reset Period, the Reset Reference Rate in respect of the Reset Date on which such Reset Period commences, plus the Initial Margin plus the Step-Up Margin (converted by the Interest Calculation Agent from a semi-annual to an annual basis in a commercially reasonable manner);

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

“Reset Reference Rate” means, in respect of a Reset Date, the gross redemption yield (as calculated by the Interest Calculation Agent on the basis set out by the United Kingdom Debt Management Office in the paper *“Formulae for Calculating Gilt Prices from Yields”*, page 5, Section One: Price/Yield Formulae “Conventional Gilts”; Double dated and Undated Gilts with Assumed (or Actual) Redemption on a Quasi-Coupon Date (published 8 June 1998, as amended on 15 January 2002 and 16 March 2005 and as further amended, updated, supplemented or replaced from time to time) or if such basis is no longer in customary market usage at such

time, in accordance with generally accepted market practice at such time, on a semi-annual compounding basis (rounded up (if necessary) to four decimal places) of the Benchmark Gilt, with the price of the Benchmark Gilt for the purpose of determining the gross redemption yield being the arithmetic average (rounded up (if necessary) to the nearest 0.001 per cent.) of the bid and offered prices of such Benchmark Gilt quoted by the Reset Reference Banks at 11.00 a.m. (London time) on the date falling two Business Days prior to that Reset Date on a dealing basis for settlement on the next following dealing day in London. Such quotations shall be obtained by or on behalf of the Issuer or the Guarantor and provided to the Interest Calculation Agent. If at least four quotations are provided, the Reset Reference Rate will be determined by reference to 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 Rate will be determined by reference to the rounded arithmetic mean of the quotations provided. If only one quotation is provided, the Reset Reference Rate will be determined by reference to the rounded quotation provided. If no quotations are provided, the Reset Reference Rate will be, 0.876 per cent., where:

“**Benchmark Gilt**” means such United Kingdom government security customarily used in the pricing of new issues with a similar tenor having a maturity date on or about the next following Reset Date as the Issuer or the Guarantor (on the advice of an investment bank of international repute or independent adviser of recognised standing and appropriate expertise) may determine to be appropriate following any guidance published by the International Capital Market Association at the relevant time (if any); and

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

“**Restriction Period**” has the meaning set out in Condition 9(a);

“**Senior Creditors**” means:

- (a) any policyholders of the Guarantor and, for the avoidance of doubt, the claims of Senior Creditors of the Guarantor who are policyholders shall include (i) all amounts to which any such policyholder would be entitled in its capacity as policyholder under any applicable legislation or rules relating to a winding-up of companies limited by guarantee and/or of insurers generally to reflect any right to receive, or expectation of receiving, policyholder benefits which policyholders may have (including, without limitation, such expectations of policyholders to receive discretionary benefits under with-profits policies as are consistent with the relevant PPFM of the Guarantor and its obligations to treat customers fairly) and (ii) all amounts which the board of directors of the Guarantor (or a committee thereof) has resolved prior to a Guarantor Winding-Up shall be distributed to policyholders of the Guarantor under the Profit Share Arrangements but which amounts have not yet been paid or allocated to the relevant policyholders at the time of such Guarantor Winding-Up but excluding therefrom any future distributions under the Profit Share Arrangements that have not been declared at the time of such Guarantor Winding-Up;
- (b) creditors of the Guarantor (other than policyholders) who are unsubordinated creditors of the Guarantor (including in respect of any unsubordinated guarantee given by the Guarantor); and
- (c) other creditors of the Guarantor whose claims are, or are expressed to be, subordinated to the claims of other creditors of the Guarantor (other than those whose claims constitute (or relate to a guarantee or other like or similar undertaking or arrangement given by the Guarantor in respect of any obligation of any other person which constitute), or would but for any applicable limitation on the amount of any such capital constitute, Tier 1 Capital or Tier 2 Capital or whose claims otherwise rank, or are expressed to rank, *pari passu* with, or junior to, any claims of the Noteholders (or the Trustee on their behalf) under the Guarantee);

“**Solvency II**” means the Solvency II Directive and any implementing measures adopted pursuant to the Solvency II Directive (for the avoidance of doubt, whether implemented by way of regulation (including, without limitation, the Level 2 Regulations), by further directives or application of relevant EIOPA guidelines or otherwise);

“**Solvency II Directive**” means Directive 2009/138/EC of the European Parliament and of the Council of the European Union (as amended) on the taking-up and pursuit of the business of insurance and reinsurance (Solvency II);

“**Solvency Capital Requirement**” means the Solvency Capital Requirement or the group Solvency Capital Requirement (as applicable) referred to in, or any other equivalent capital requirement (other than the Minimum Capital Requirement) howsoever described in, the Relevant Rules;

“**Solvency Condition**” has the meaning given in Condition 3(c);

“**Step-Up Margin**” means 1.00 per cent.;

“**sterling**” or “**£**” means the lawful currency of the United Kingdom from time to time;

“**Subordinated Obligations**” means any Parity Obligations and any Junior Obligations;

“**Subsequent Rating Agency**” means Fitch Ratings Limited or any other credit rating agency (other than a Rating Agency) or, in either case, any affiliate thereof or successor thereto that assigns “equity credit” (or such other nomenclature as may be used by such rating agency from time to time to describe the degree to which the terms of an instrument are supportive of an issuer’s senior obligations in terms of either leverage or total capital) to the Notes after the Issue Date;

“**Subsidiary**” has the meaning given to that term under section 1159 of the Companies Act;

“**Substituted Obligor**” has the meaning given in Condition 15;

“**Substituted Territory**” has the meaning given in Condition 15;

“**Successor**” has the meaning given in Condition 17;

“**successor in business**” has the meaning, with respect to the Issuer or the Guarantor (as the case may be), given in the Trust Deed;

“**Tier 1 Capital**” has the meaning given to it for the purposes of the Relevant Rules from time to time;

“**Tier 2 Capital**” has the meaning given to it for the purposes of the Relevant Rules from time to time;

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

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

Schedule 3

Provisions for Meetings of Noteholders

Interpretation

- 1 In this Schedule:
- 1.1 references to a “**meeting**” are to a meeting of Noteholders and include, unless the context otherwise requires, any adjournment of such meeting;
- 1.2 “**agent**” means a proxy for, or a representative of, a Noteholder;
- 1.3 “**Alternative Clearing System**” has the meaning given in the Global Certificate;
- 1.4 “**Electronic Consent**” has the meaning set out in Paragraph 22;
- 1.5 “**Extraordinary Resolution**” means a resolution passed (A) at a meeting duly convened and held in accordance with this Trust Deed by a majority of at least 75 per cent. of the votes cast, (B) by a Written Resolution or (C) by an Electronic Consent;
- 1.6 references to “**persons representing a proportion of the Notes**” are to Noteholders or agents holding or representing in the aggregate at least that proportion in principal amount of the Notes for the time being outstanding;
- 1.7 “**Written Resolution**” means a resolution in writing signed by the holders of not less than 75 per cent. in principal amount of the Notes outstanding; and
- 1.8 where Notes are held in Euroclear or Clearstream, Luxembourg or an Alternative Clearing System, references herein to the “**deposit**” or “**release**” or “**surrender**” of Notes shall be construed in accordance with the usual practices (including in relation to the blocking of the relevant account) of Euroclear or Clearstream, Luxembourg or such Alternative Clearing System.

Appointment of Proxy or Representative

- 2 A proxy or representative may be appointed in the following circumstances:
- 2.1 A holder of Notes may, by an instrument in writing in the English language (a “**form of proxy**”) signed by the holder or, in the case of a corporation, executed under its common seal or signed on its behalf by an attorney or a duly authorised officer of the corporation and delivered to the specified office of the Registrar or other Transfer Agent not less than 48 hours before the time fixed for the relevant meeting, appoint one or more persons (each a “**proxy**”) to act on his or its behalf in connection with any meeting of the Noteholders and any adjourned such meeting.
- 2.2 Any holder of Notes which is a corporation may, by delivering to any Agent not later than 48 hours before the time fixed for any meeting a resolution of its directors or other governing body, authorise any person to act as its representative (a “**representative**”) in connection with any meeting of the Noteholders and any adjourned such meeting.
- 2.3 If the holder of a Note is an Alternative Clearing System or a nominee of an Alternative Clearing System and the rules or procedures of such Alternative Clearing System so require, such nominee or Alternative Clearing System may appoint proxies in accordance with, and in the form used, by such Alternative Clearing System as part of its usual procedures from time to time in relation to meetings of Noteholders. Any proxy so appointed may, by an instrument in writing in the English language in the form available from the specified office

of the Registrar, or in such other form as may have been approved by the Trustee at least seven days before the date fixed for a meeting, signed by the proxy or, in the case of a corporation, executed under its common seal or signed on its behalf by an attorney or a duly authorised officer of the corporation and delivered to the Registrar not later than 48 hours before the time fixed for any meeting, appoint any person or the Principal Paying Agent or any employee(s) of it nominated by it (the “**sub-proxy**”) to act on his or its behalf in connection with any meeting or proposed meeting of Noteholders. All references to “**proxy**” or “**proxies**” in this schedule other than in this Paragraph 2.3 shall be read so as to include references to “**sub-proxy**” or “**sub-proxies**”.

- 2.4** For so long as the Notes are eligible for settlement through an Alternative Clearing System’s book-entry settlement system and the rules or procedures of such Alternative Clearing System so require, the Issuer and/or the Guarantor may fix a record date for the purpose of any meeting, provided such record date is no more than 10 days prior to the date fixed for such meeting which shall be specified in the notice convening the meeting.
- 2.5** Any proxy appointed pursuant to Paragraph 2.1 or 2.3 above or representative appointed pursuant to Paragraph 2.2 above shall, so long as such appointment remains in full force, be deemed, for all purposes in connection with the relevant meeting or adjourned meeting of the Noteholders, to be the holder of the Notes to which such appointment relates and the holder of the Notes shall be deemed for such purposes not to be the holder or owner, respectively.

Powers of Meetings

- 3** A meeting shall, subject to the Conditions and without prejudice to any powers conferred on other persons by this Trust Deed, have power by Extraordinary Resolution:
 - 3.1** to sanction any proposal by the Issuer, the Guarantor or the Trustee for any modification, abrogation, variation or compromise of, or arrangement in respect of, the rights of the Noteholders against the Issuer or the Guarantor, whether or not those rights arise under this Trust Deed;
 - 3.2** to sanction the exchange or substitution for the Notes of, or the conversion of the Notes into, shares, bonds or other obligations or securities of the Issuer, the Guarantor or any other entity;
 - 3.3** to assent to any modification of this Trust Deed or the Notes proposed by the Issuer, the Guarantor or the Trustee;
 - 3.4** to authorise anyone to concur in and do anything necessary to carry out and give effect to an Extraordinary Resolution;
 - 3.5** to give any authority, direction or sanction required to be given by Extraordinary Resolution;
 - 3.6** to appoint any persons (whether Noteholders or not) as a committee or committees to represent the Noteholders’ interests and to confer on them any powers or discretions which the Noteholders could themselves exercise by Extraordinary Resolution;
 - 3.7** to waive any breach or authorise any proposed breach by the Issuer or the Guarantor of its obligations under or in respect of this Trust Deed or the Notes or any act or omission which might otherwise constitute an Event of Default under the Notes;
 - 3.8** to approve a proposed new Trustee and to remove a Trustee;

3.9 to approve the substitution of any entity for the Issuer or the Guarantor (or any previous substitute) as principal debtor under this Trust Deed otherwise than in accordance with Condition 15 or Condition 17; and

3.10 to discharge or exonerate the Trustee from any liability in respect of any act or omission for which it may become responsible under this Trust Deed or the Notes,

provided that the special quorum provisions in Paragraph 11 shall apply to any Extraordinary Resolution (a “**special quorum resolution**”) for the purpose of Paragraph 3.2 or 3.8 or for the purpose of making a modification to this Trust Deed or the Notes which would have the effect of;

- (A) modifying the maturity of the Notes or the dates on which interest is payable on them;
- (B) reducing or cancelling the principal amount of, or interest on the Notes;
- (C) amending the status of the Notes and the status and subordination of the Guarantee unless made pursuant to Clause 5.11;
- (D) changing the currency of payment of the Notes;
- (E) modifying or cancelling the Guarantee unless made pursuant to Clause 5.11;
- (F) modifying the provisions in this schedule concerning the quorum required at a meeting or the majority required to pass an Extraordinary Resolution; or
- (G) amending this proviso.

Convening a Meeting

4 The Issuer, the Guarantor or the Trustee may at any time convene a meeting. If it receives a written request by Noteholders holding at least 10 per cent. in principal amount of the Notes for the time being outstanding and is indemnified and/or secured and/or pre-funded to its satisfaction against all costs and expenses, the Trustee shall convene a meeting. Every meeting shall be held at a time and place approved by the Trustee.

Notice of Meeting

5 At least 21 days’ notice (exclusive of the day on which the notice is given and of the day of the meeting) shall be given to the Noteholders. A copy of the notice shall be given by the party convening the meeting to the other parties. The notice shall specify the day, time and place of the meeting and, unless the Trustee otherwise agrees, the nature of the resolutions to be proposed and shall explain how Noteholders may appoint proxies or representatives and the details of the time limits applicable.

Cancellation of meeting

6 A meeting that has been validly convened in accordance with Paragraph 4 above, may be cancelled by the person who convened such meeting by giving at least seven days’ notice (exclusive of the day on which the notice is given or deemed to be given and of the day of the meeting) to the Noteholders (with a copy to the Trustee where such meeting was convened by the Issuer or the Guarantor, or to the Issuer and the Guarantor where such meeting was convened by the Trustee). Any meeting cancelled in accordance with this Paragraph 6 shall be deemed not to have been convened.

Chairman

7 The chairman of a meeting shall be such person as the Trustee may nominate in writing, but if no such nomination is made or if the person nominated is not present within 15 minutes

from the time fixed for the meeting, the Noteholders or agents present shall choose one of their number to be chairman, failing which the Issuer and/or the Guarantor may appoint a chairman.

- 8** The chairman may, but need not, be a Noteholder or agent. The chairman of an adjourned meeting need not be the same person as the chairman of the original meeting.

Attendance

- 9** The following may attend and speak at a meeting:
- 9.1** Noteholders and their agents;
 - 9.2** the chairman;
 - 9.3** the Issuer, the Guarantor and the Trustee (through their respective representatives) and their respective financial and legal advisers; and
 - 9.4** any other person approved by the meeting or the Trustee.

No-one else may attend or speak.

Quorum and Adjournment

- 10** No business (except choosing a chairman) shall be transacted at a meeting unless a quorum is present at the commencement of business. If a quorum is not present within 15 minutes from the time initially fixed for the meeting, it shall, if convened on the requisition of Noteholders or if the Issuer, the Guarantor and the Trustee agree, be dissolved. In any other case it shall be adjourned until such date, not less than 14 nor more than 42 days later, and time and place as the chairman may decide. If a quorum is not present within 15 minutes from the time fixed for a meeting so adjourned, the meeting shall be dissolved.
- 11** Two or more Noteholders or agents present in person shall be a quorum:
- 11.1** in the cases marked “**No minimum proportion**” in the table below, whatever the proportion of the Notes which they represent; and
 - 11.2** in any other case, only if they represent the proportion of the Notes shown by the table below,

Column 1	Column 2	Column 3
Purpose of meeting	Any meeting except one referred to in column 3	Meeting previously adjourned through want of a quorum
	Required proportion	Required proportion
To pass a special quorum resolution	75 per cent.	25 per cent.
To pass any other Extraordinary Resolution	A clear majority	No minimum proportion
Any other purpose	10 per cent.	No minimum proportion

provided that, so long as at least the relevant proportion set out in the table above of the aggregate principal amount of the outstanding Notes is represented, a single proxy or

representative representing the holder or holders thereof shall be deemed to be two Noteholders for the purposes of forming the quorum.

- 12 The chairman may, with the consent of (and shall if directed by) a meeting, adjourn the meeting from time to time and from place to place. Only business which could have been transacted at the original meeting may be transacted at a meeting adjourned in accordance with this Paragraph 12 or Paragraph 10.
- 13 At least 10 days' notice of a meeting adjourned through want of a quorum shall be given in the same manner as for an original meeting and that notice shall state the quorum required at the adjourned meeting. No notice need, however, otherwise be given of an adjourned meeting.

Voting

- 14 Each question submitted to a meeting shall be decided by a show of hands unless a poll is (before, or on the declaration of the result of, the show of hands) demanded by the chairman, the Issuer, the Guarantor, the Trustee or one or more persons representing two per cent. of the Notes.
- 15 Unless a poll is demanded, a declaration by the chairman that a resolution has or has not been passed shall be conclusive evidence of the fact without proof of the number or proportion of the votes cast in favour of or against it.
- 16 If a poll is demanded, it shall be taken in such manner and (subject as provided below) either at once or after such adjournment as the chairman directs. The result of the poll shall be deemed to be the resolution of the meeting at which it was demanded as at the date it was taken. A demand for a poll shall not prevent the meeting continuing for the transaction of business other than the question on which it has been demanded.
- 17 A poll demanded on the election of a chairman or on a question of adjournment shall be taken at once.
- 18 On a show of hands, every person who is present in person and who produces a Note or is a proxy or representative has one vote. On a poll, every such person has one vote for £1,000 in principal amount of Notes so produced or for which he is a proxy or representative. Without prejudice to the obligations of proxies, a person entitled to more than one vote need not use them all or cast them all in the same way.
- 19 In case of equality of votes, the chairman shall both on a show of hands and on a poll have a casting vote in addition to any other votes which he may have.

Effect and Publication of an Extraordinary Resolution

- 20 An Extraordinary Resolution shall be binding on all the Noteholders, whether or not present at the meeting, and each of them shall be bound to give effect to it accordingly. The passing of such a resolution shall be conclusive evidence that the circumstances justify its being passed. The Issuer or the Guarantor shall give notice of the passing of an Extraordinary Resolution to Noteholders within 14 days but failure to do so shall not invalidate the resolution.

Minutes

- 21 Minutes shall be made of all resolutions and proceedings at every meeting and, if purporting to be signed by the chairman of that meeting or of the next succeeding meeting, shall be conclusive evidence of the matters in them. Until the contrary is proved, every meeting for

which minutes have been so made and signed shall be deemed to have been duly convened and held and all resolutions passed or proceedings transacted at it to have been duly passed and transacted.

Written Resolutions and Electronic Consent

22 Subject to this Paragraph 22, a Written Resolution may be contained in one document or several documents in the same form, each signed by or on behalf of one or more Noteholders.

For so long as the Notes are in the form of a Global Certificate registered in the name of any nominee for one or more of Euroclear, Clearstream, Luxembourg or an Alternative Clearing System, then, in respect of any resolution proposed by the Issuer, the Guarantor or the Trustee:

22.1 where the terms of the resolution proposed by the Issuer, the Guarantor or the Trustee (as the case may be) have been notified to the Noteholders through the relevant clearing system(s) as provided in (A) and/or (B) below, each of the Issuer, the Guarantor and the Trustee shall be entitled to rely upon approval of such resolution given by way of electronic consents communicated through the electronic communications systems of the relevant clearing system(s) to the Principal Paying Agent or another specified agent and/or the Trustee in accordance with their operating rules and procedures by or on behalf of the holders of not less than 75 per cent. in principal amount of the Notes outstanding (the “**Required Proportion**”) (“**Electronic Consent**”) by close of business on the Relevant Date (as defined in (A) below). Any resolution passed in such manner shall be binding on all Noteholders, even if the relevant consent or instruction proves to be defective. None of the Issuer, the Guarantor or the Trustee shall be liable or responsible to anyone for such reliance.

(A) When a proposal for a resolution to be passed as an Electronic Consent has been made, at least 10 days’ notice (exclusive of the day on which the notice is given and of the day on which affirmative consents will be counted) shall be given to the Noteholders through the relevant clearing system(s). The notice shall specify, in sufficient detail to enable Noteholders to give their consents in relation to the proposed resolution, the method by which their consents may be given (including, where applicable, blocking of their accounts in the relevant clearing system(s)) and the time and date (the “**Relevant Date**”) by which they must be received in order for such consents to be validly given, in each case subject to and in accordance with the operating rules and procedures of the relevant clearing system(s).

(B) If, on the Relevant Date on which the consents in respect of an Electronic Consent are first counted, such consents do not represent the Required Proportion, the resolution shall, if the party proposing such resolution (the “**Proposer**”) so determines, be deemed to be defeated. Such determination shall be notified in writing to the other party or parties to the Trust Deed. Alternatively, the Proposer may give a further notice to Noteholders that the resolution will be proposed again on such date and for such period as shall be agreed with the Trustee (unless the Trustee is the Proposer). Such notice must inform Noteholders that insufficient consents were received in relation to the original resolution and the information specified in (A) above. For the purpose of such further notice, references to “**Relevant Date**” shall be construed accordingly.

For the avoidance of doubt, an Electronic Consent may only be used in relation to a resolution proposed by the Issuer, the Guarantor or the Trustee which is not then the subject of a meeting that has been validly convened in accordance with Paragraph 4 above, unless that meeting is or shall be cancelled or dissolved; and

- 22.2** where Electronic Consent is not being sought, for the purpose of determining whether a Written Resolution has been validly passed, the Issuer, the Guarantor and the Trustee shall be entitled to rely on consent or instructions given in writing directly to the Issuer, the Guarantor and/or the Trustee, as the case may be, (A) by accountholders in the clearing system(s) 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, the Guarantor and the Trustee shall be entitled to rely on any certificate or other document issued by, in the case of (A) above, Euroclear, Clearstream, Luxembourg or any other relevant Alternative Clearing System (the “**relevant clearing system**”) and, in the case of (B) above, the relevant clearing system and the accountholder identified by the relevant clearing system for the purposes of (B) above. Any resolution passed in such manner shall be binding on all Noteholders, even if the relevant consent or instruction proves to be defective. Any such certificate or other document shall be conclusive and binding for all purposes. Any such certificate or other document may comprise any form of statement or print out of electronic records provided by the relevant clearing system (including Euroclear’s EUCLID or Clearstream, Luxembourg’s CreationOnline system) in accordance with its usual procedures and in which the accountholder of a particular principal amount of the Notes is clearly identified together with the amount of such holding. None of the Issuer, the Guarantor or 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.

A Written Resolution or Electronic Consent shall take effect as an Extraordinary Resolution. A Written Resolution and/or Electronic Consent will be binding on all Noteholders, whether or not they participated in such Written Resolution and/or Electronic Consent.

Trustee’s Power to Prescribe Regulations

- 23** Subject to all other provisions in this Trust Deed, the Trustee may, without the consent of the Noteholders, prescribe such further regulations regarding the holding of meetings and attendance and voting at them as it in its sole discretion determines including (without limitation) such requirements as the Trustee thinks reasonable to satisfy itself that the persons who purport to make any requisition in accordance with this Trust Deed are entitled to do so and to satisfy itself that persons who purport to attend or vote at a meeting are entitled to do so.

In witness whereof this Trust Deed has been executed as a deed and delivered on the date stated at the beginning.

Executed as a Deed by
RL FINANCE BONDS NO. 4 PLC

By: 

Name: ANDREA MONTAGUE

Witness: 

Address: 13 BERKELEY PLACE
FLAT 5
WIMBLEDON
SW19 4NN

Executed as a Deed by
THE ROYAL LONDON MUTUAL INSURANCE SOCIETY LIMITED
acting by its Director KEVIN PARRY and
its company secretary ROYAL LONDON MANAGEMENT SERVICES LIMITED


.....

Director


.....

Secretary, acting by FERGUS SPEIGHT
.....

Executed as a Deed by
HSBC CORPORATE TRUSTEE COMPANY (UK) LIMITED

By: 

Chris O'Mahoney
Authorised Signatory

Name:

Witness:



James McComb

Address: HSBC Bank Plc
8 Canada Square
London
E14 5HQ