

Rothestay

Rothestay Life Plc

(incorporated with limited liability in England and Wales with registered number 06127279)

£3,000,000,000

Euro Medium Term Note Programme

Under the Euro Medium Term Note Programme described in this Information Memorandum (the “**Programme**”) Rothestay Life Plc (“**Rothestay**” or the “**Issuer**”), subject to compliance with all relevant laws, regulations and directives, may from time to time issue notes (the “**Notes**”). The Notes may be issued (i) as subordinated notes with terms capable of qualifying as Tier 3 Capital (as defined in “*Terms and Conditions of the Tier 3 Notes*”) (“**Tier 3 Notes**”) or (ii) as subordinated notes with terms capable of qualifying as Tier 2 Capital (as defined in “*Terms and Conditions of the Tier 2 Notes*”) (“**Tier 2 Notes**”). The aggregate nominal amount of Notes outstanding will not at any time exceed £3,000,000,000 (or the equivalent in other currencies). Payments under the Notes may be subject to optional (in respect of interest only) or mandatory (in respect of interest or principal) deferral in accordance with the terms of the relevant Series (as defined herein) of such Notes.

Application has been made to the Irish Stock Exchange plc, trading as Euronext Dublin (“**Euronext Dublin**”) for each series of the Notes issued under the Programme to be admitted to the Official List (the “**Official List**”) of Euronext Dublin and to trading on the Global Exchange Market (“**GEM**”) of Euronext Dublin. This Information Memorandum constitutes “Listing Particulars” for the purposes of the admission of each of the Series of Notes to the Official List of Euronext Dublin and to trading on the GEM of Euronext Dublin and, for such purposes, does not constitute, and has not been approved, as a prospectus for the purposes of the Prospectus Regulation or the UK Prospectus Regulation. When used in this Information Memorandum, “**Prospectus Regulation**” means Regulation (EU) 2017/1129 and “**UK Prospectus Regulation**” means the Prospectus Regulation as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (“**EUWA**”). This Information Memorandum has been approved by Euronext Dublin. GEM is not a regulated market for the purposes of the Markets in Financial Instruments Directive 2014/65/EU (as amended, “**MiFID II**”) or Article 2(1)(13A) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA (the “**UK MiFIR**”). This Information Memorandum is available for viewing on the website of Euronext Dublin. References in this Information Memorandum to Notes being “listed” (and all related references) shall mean that such Notes have been admitted to trading on GEM and have been admitted to the Official List of Euronext Dublin.

Each Series of Notes in bearer form may be represented on issue by a temporary global note in bearer form (each a “**temporary Global Note**”) or a permanent global note in bearer form (each a “**permanent Global Note**” and, together with a temporary Global Note, a “**Global Note**”). Notes in registered form will be represented by registered certificates (each a “**Certificate**”), one Certificate being issued in respect of each Noteholder’s (as defined herein) entire holding of Registered Notes (as defined herein) of one Series. Certificates representing Registered Notes that are registered in the name of a nominee or a common nominee, as the case may be, for one or more clearing systems are referred to as “**Global Certificates**”. Global Notes (“**Classic Global Notes**” or “**CGNs**”) and Certificates will be deposited on the issue date of the relevant Tranche with a common depository on behalf of Euroclear and Clearstream, Luxembourg (the “**Common Depository**”). The provisions governing the exchange of interests in Global Notes for other Global Notes and definitive Notes are described in “*Overview of Provisions Relating to the Notes while in Global Form*”.

The Programme has been rated BBB+ by Fitch Ratings Ltd (“**Fitch**”).

Series of Notes to be issued under the Programme may be rated or unrated. Where a Series of Notes is to be rated, such rating will not necessarily be the same as the rating assigned to the Programme or Notes already issued. Where a Series of Notes is rated, the applicable rating(s) will be specified in the applicable Pricing Supplement. **A credit rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.**

Prospective investors should have regard to the section headed “*Risk Factors*” in this Information Memorandum for a discussion of factors which may affect the Issuer’s ability to fulfil its obligations in respect of Notes issued under the Programme and factors which are material for the purpose of assessing the market risks associated with the Notes issued under the Programme.

The Notes have not been and will not be registered under the U.S. Securities Act of 1933 (the “**Securities Act**”) or with any securities regulatory authority of any State or other jurisdiction of the United States (the “**United States**” or “**U.S.**”) and the Notes may include Notes in bearer form that are subject to U.S. tax law requirements. Subject to certain exceptions, the Notes may not be offered or sold or, in the case of Notes in bearer form, delivered within the U.S. or to, or for the account or benefit of, U.S. persons (as defined in Regulation S under the Securities Act (“**Regulation S**”)).

Interests in a temporary Global Note will be exchangeable, in whole or in part, for interests in a permanent Global Note on or after the date 40 days after the later of the commencement of the offering and the relevant issue date (the “**Exchange Date**”), upon certification as to non-U.S. beneficial ownership.

Arranger

NatWest Markets

Dealers

ABN AMRO

Barclays

BNP PARIBAS

BofA Securities

HSBC

Lloyds Bank Corporate Markets

Morgan Stanley

NatWest Markets

The Issuer accepts responsibility for the information contained in this Information Memorandum and (as applicable) the Pricing Supplement relating to any Series of Notes. To the best of the knowledge of the Issuer (having taken all reasonable care to ensure that such is the case), the information contained in this Information Memorandum is in accordance with the facts and does not omit anything likely to affect the import of such information.

References herein to the “**Issuer**” and “**RLP**” are to Rothesay Life Plc, to “**Rothesay Limited**” are to the Issuer’s parent, Rothesay Limited, and to “**Group**” are to Rothesay Limited and its consolidated subsidiaries.

Relevant third party information has been extracted from sources as specified in this Information Memorandum. The Issuer confirms that such information has been accurately reproduced and that, so far as it is aware and is able to ascertain, no facts have been omitted which would render the reproduced information inaccurate or misleading.

This Information Memorandum is to be read in conjunction with all documents which are deemed to be incorporated herein by reference (see “*Documents Incorporated by Reference*”).

No person has been authorised to give any information or to make any representation other than those contained in this Information Memorandum in connection with the issue or sale of the Notes and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer or the Arranger or any Dealer (as defined in “*Overview of the Programme*”). Neither the delivery of this Information Memorandum nor the offering, sale or delivery of any Notes made in connection herewith shall, under any circumstances, create any implication that there has been no change in the affairs of Rothesay since the date hereof or the date upon which this Information Memorandum has been most recently amended or supplemented, or that there has been no adverse change in the financial position of the Issuer since the date hereof or the date upon which this Information Memorandum has been most recently amended or supplemented.

Save for the Issuer, no other person has separately verified the information contained herein. To the fullest extent permitted by law, neither the Arranger nor any of the Dealers, the Trustee, the Issuing and Paying Agent, the Paying Agent, the Transfer Agent, the Calculation Agent, the Registrar nor, save for the Issuer, any other party makes any representation, express or implied, or accepts any responsibility for the accuracy or completeness of the contents of this Information Memorandum or for any other statement, made or purported to be made by the Arranger, any Dealer, the Trustee, the Issuing and Paying Agent, the Paying Agent, the Transfer Agent, the Calculation Agent, the Registrar or any other party save for the Issuer or on its behalf in connection with the Issuer or the issue and offering of any Notes. The Arranger, each Dealer, the Trustee, the Issuing and Paying Agent, the Paying Agent, the Transfer Agent, the Calculation Agent and the Registrar accordingly each disclaims all and any liability to any investor whether arising in tort or contract or otherwise (save as referred to above) which it might otherwise have in respect of this Information Memorandum or any such statement in connection with the offering of the Notes or their distribution. None of the Arranger, any Dealer, the Trustee, the Issuing and Paying Agent, the Paying Agent, the Transfer Agent, the Calculation Agent or the Registrar shall be responsible for, or for investigating, any matter which is the subject of, any statement, representation, warranty or covenant of the Issuer contained in the Notes, or any other agreement or document relating to the Notes or for the execution, legality, effectiveness, adequacy, genuineness, validity, enforceability or admissibility in evidence thereof. Neither this Information Memorandum nor any other information supplied in connection with the Programme or the Notes is intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation by the Issuer, the Arranger, any Dealer, the Trustee, the Issuing and Paying Agent, the Paying Agent, the Transfer Agent, the Calculation Agent or the Registrar that any recipient of this Information Memorandum or any other information supplied in connection with the Programme or the Notes should purchase the Notes. Each potential purchaser of Notes should determine for itself the relevance of the information contained in this Information Memorandum or any other information supplied in connection with the Programme or the Notes and its purchase of Notes should be based upon such investigation

as it deems necessary. None of the Arranger, any Dealer, the Trustee, the Issuing and Paying Agent, the Paying Agent, the Transfer Agent, the Calculation Agent or the Registrar undertakes to review the financial condition or affairs of the Issuer during the life of the arrangements contemplated by this Information Memorandum nor to advise any investor or potential investor in the Notes of any information coming to the attention of the Arranger, any Dealer, the Trustee, the Issuing and Paying Agent, the Paying Agent the Transfer Agent, the Calculation Agent or the Registrar.

Prohibition of sales to EEA retail investors

The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available, to any retail investor in the European Economic Area (the “**EEA**”). For these purposes, a “**retail investor**” means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of MiFID II; or (ii) a customer within the meaning of Directive (EU) 2016/97, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II. Consequently, no key information document required by Regulation (EU) No 1286/2014 (as amended, the “**EEA PRIIPs Regulation**”) for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under EEA PRIIPs Regulation.

Prohibition of sales to UK retail investors

The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the United Kingdom (“**UK**”). For these purposes, a “**retail investor**” means a person who is one (or more) of: (i) a retail client as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the EUWA; or (ii) a customer within the meaning of the provisions of the Financial Services and Markets Act 2000 (the “**FSMA**”) and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of UK MiFIR. Consequently, no key information document required by Regulation (EU) No 1286/2014 as it forms part of domestic law by virtue of the EUWA (the “**UK PRIIPs Regulation**”) for offering or selling the Notes or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.

MiFID II Product Governance / Professional investors and ECPs only target market

The Pricing Supplement in respect of any Notes may include a legend entitled “MiFID II Product Governance” which will outline the target market assessment in respect of the Notes and which channels for distribution of the Notes are appropriate. Any person subsequently offering, selling or recommending the Notes (a “**distributor**”) should take into consideration the target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the target market assessment) and determining appropriate distribution channels.

A determination will be made in relation to each issue about whether, for the purpose of the MiFID Product Governance rules under EU Delegated Directive 2017/593 (the “**MiFID Product Governance Rules**”), any Dealer subscribing for any Notes is a manufacturer in respect of such Notes, but otherwise neither the Arranger nor any Dealers nor any of their respective affiliates will be a manufacturer for the purpose of the MiFID Product Governance Rules.

UK MiFIR Product Governance / Professional Investors and ECPs only target market

The Pricing Supplement in respect of any Notes may include a legend entitled “UK MiFIR Product Governance” which will outline the target market assessment in respect of the Notes and which channels for distribution of the Notes are appropriate. Any distributor should take into consideration the target market

assessment; however, a distributor subject to the FCA Handbook Product Intervention and Product Governance Sourcebook (the “**UK MiFIR Product Governance Rules**”) is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the target market assessment) and determining appropriate distribution channels.

A determination will be made in relation to each issue about whether, for the purpose of the UK MiFIR Product Governance Rules, any Dealer subscribing for any Notes is a manufacturer in respect of such Notes, but otherwise neither the Arranger nor any Dealers nor any of their respective affiliates will be a manufacturer for the purpose of the UK MiFIR Product Governance Rules.

Singapore SFA Product Classification

In connection with Section 309B of the Securities and Futures Act 2001 of Singapore (the “**SFA**”) and the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore (the “**CMP Regulations 2018**”), unless otherwise specified before an offer of Notes, the Issuer has determined, and hereby notifies all relevant persons (as defined in Section 309A(1) of the SFA), that the Notes are ‘prescribed capital markets products’ (as defined in the CMP Regulations 2018) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

Restrictions on marketing and sales generally

The distribution of this Information Memorandum and the offering or sale of the Notes in certain jurisdictions may be restricted by law. Persons into whose possession this Information Memorandum comes are required by the Issuer, the Arranger and the Dealers to inform themselves about and to observe any such restriction. For a description of these and certain further restrictions on offers and sales of Notes and on distribution of this Information Memorandum, see “*Subscription and Sale*”.

Restrictions on marketing and sales in the United States and to U.S. persons

The Notes have not been and will not be registered under the Securities Act or with any securities regulatory authority of any State or other jurisdiction of the United States and may include Notes in bearer form that are subject to United States tax law requirements. Subject to certain exceptions, Notes may not be offered or sold or, in the case of Notes in bearer form, delivered within the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S).

The Notes are being offered and sold outside the United States to non-U.S. persons in reliance on Regulation S. For a description of these and certain further restrictions on offers and sales of Notes and on distribution of this Information Memorandum, see “*Subscription and Sale*”.

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

General restrictions on marketing and sales

This Information Memorandum does not constitute an offer of, or an invitation by or on behalf of the Issuer, the Arranger or any Dealer to subscribe for, or purchase, any Notes.

Stabilisation

In connection with the issue of any Tranche, the Dealer or Dealers (if any) named as the stabilising manager(s) (the “**Stabilising Manager(s)**”) (or any person acting on behalf of any Stabilising Manager(s)) may over-allot Notes or effect transactions with a view to supporting the market price of the Notes of the Series of which such

Tranche forms part at a level higher than that which might otherwise prevail. However, stabilisation may not necessarily occur. Any stabilisation action may begin on or after the date on which adequate public disclosure of the Pricing Supplement of the offer of the relevant Tranche of Notes is made and, if begun, may cease at any time, but it must end no later than the earlier of 30 days after the issue date of the relevant Tranche of Notes and 60 days after the date of the allotment of the relevant Tranche of Notes. Any stabilisation action or over-allotment must be conducted by the relevant Stabilising Manager(s) (or any person acting on behalf of any Stabilising Manager(s)) in accordance with all applicable laws and rules.

If a jurisdiction requires that the offering be made by a licensed broker or dealer and any relevant Dealer or any parent company or affiliate of any relevant Dealer involved in such offering is a licensed broker or dealer in such jurisdiction and so agrees, the offering shall be deemed to be made by such relevant Dealer or such parent company or affiliate, as the case may be, on behalf of the Issuer in such jurisdiction.

IMPORTANT INFORMATION

Cautionary note regarding forward-looking statements

This Information Memorandum includes statements and projections (including, without limitation, as contained in tables within the section headed “*Description of the Issuer and the Group*”) that are, or may be deemed to be, “forward-looking statements”. These forward-looking statements may be identified by the use of forward-looking terminology, including the terms “believes”, “estimates”, “plans”, “projects”, “anticipates”, “expects”, “intends”, “may”, “will” or “should” or, in each case, their negative or other variations or comparable terminology, or by discussions of strategy, plans, objectives, goals, future events or intentions. These forward-looking statements include all matters that are not historical facts. They appear in a number of places throughout this Information Memorandum and include, but are not limited to, statements regarding the intentions of the Issuer and its consolidated subsidiaries, beliefs or current expectations concerning, among other things, the Group’s business, results of operations, financial position, prospects, dividends, growth, strategies and the asset management business.

By their nature, forward-looking statements involve risk and uncertainty because they relate to future events and circumstances. Forward-looking statements are not guarantees of future performance and the actual results of the Group’s operations, its financial position and dividends, and the development of the markets and the industries in which the Group operates may differ materially from those described in, or suggested by, the forward-looking statements contained in this Information Memorandum. In addition, even if the Group’s results of operations and financial position, and the development of the markets and the industries in which the Group operates, are consistent with the forward-looking statements contained in this Information Memorandum, those results or developments may not be indicative of results or developments in subsequent periods. A number of risks, uncertainties and other factors could cause results and developments to differ materially from those expressed or implied by the forward-looking statements including, without limitation:

- risks stemming from the economy and the performance of financial markets generally;
- risks stemming from the occurrence of epidemics and pandemics;
- changes in the legal and regulatory environment in which the Group operates;
- the FCA, the PRA or other regulators intervening in the Group’s business on industry wide issues or conducting thematic reviews;
- changes in regulatory capital requirements;
- changes in accounting standards or in actuarial assumptions, including views on longevity;
- the Group failing to maintain the availability of its systems and to safeguard the security of its data;
- risk management policies and procedures being ineffective;
- demographic experience;
- third party asset management firms that manage the Group’s assets underperforming or difficulties arising from the Group’s outsourcing relationships;
- third party reinsurers being unwilling or unable to meet their obligations under reinsurance contracts;
- legal and arbitration proceedings;
- the level of the Group’s indebtedness;

- changes in taxation law, including future changes in the tax legislation affecting specific products offered by the Group and changes to the VAT rules; and
- other factors discussed in the section of this document headed “*Risk Factors*”.

Forward-looking statements may and often do differ materially from actual results. Any forward-looking statements in this Information Memorandum reflect the Group’s current view with respect to future events and are subject to risks relating to future events and other risks, uncertainties and assumptions relating to the Group’s business, results of operations, financial condition, prospects, dividends, growth, strategies and the asset management business. Investors should specifically consider the factors identified in this Information Memorandum, which could cause actual results to differ, before making an investment decision. Subject to the requirements of applicable law and regulation, the Issuer undertakes no obligation publicly to release the result of any revisions to any forward-looking statements in this Information Memorandum that may occur due to any change in the Issuer’s expectations or to reflect events or circumstances after the date of this Information Memorandum.

Websites

This Information Memorandum refers to, and may contain links to, certain websites (including the website of the Issuer). No information on any such website is incorporated by reference in, or forms part of, this Information Memorandum, except as expressly provided in “*Documents Incorporated by Reference*”.

PRESENTATION OF FINANCIAL INFORMATION

Unless otherwise indicated, financial information for the Issuer and the Group in this Information Memorandum and the information incorporated by reference into this Information Memorandum is presented in pounds sterling and has been prepared in accordance with International Financial Reporting Standards (“**IFRS**”) in accordance with UK-adopted international accounting standards as described in “*Documents Incorporated by Reference*” below.

Financial information has been provided on an audited basis as at, and for the full financial years ended on, 31 December 2021 and 31 December 2022.

The financial information presented in a number of tables in this Information Memorandum has been rounded to the nearest whole number or the nearest decimal. Therefore, the sum of the numbers in a column may not conform exactly to the total figure given for that column. In addition, certain percentages presented in the tables in this Information Memorandum reflect calculations based upon the underlying information prior to rounding, and, accordingly, may not conform exactly to the percentages that would be derived if the relevant calculations were based upon the rounded numbers.

References to “**Solvency II**” in this Information Memorandum are to the United Kingdom transposition of Directive 2009/138/EC of the European Parliament and of the Council of the European Union of 25 November 2009 on the taking up and pursuit of the business of insurance and reinsurance (Solvency II) (the “**Solvency II Directive**”) and Commission Delegated Regulation (EU) No. 2015/35 of 10 October 2014 supplementing the Solvency II Directive as amended by Commission Delegated Regulation (EU) 2019/981 of 8 March 2019 (the “**Level 2 Regulations**”), as they each form part of EU retained law (as defined in the EUWA), as amended from time to time and any additional measures adopted to give effect thereto (whether implemented by way of regulation, guidelines or otherwise).

Presentation of certain key performance indicators and targets

Certain key performance indicators and targets referred to in this Information Memorandum are unaudited non generally accepted accounting principles (“**GAAP**”) measures that are used by the Group, including those described below:

- **Solvency II Own Funds (“Own Funds”)**: Own Funds are the aggregate of “basic Own Funds” (assets an insurer has on its balance sheet) and “ancillary Own Funds” (off-balance sheet resources that are loss absorbent, for example, unpaid share capital). All such assets are subject to eligibility criteria and weighting, as determined by reference to Articles 93 to 95 of Solvency II as well as to Articles 69 to 73, 76, 77, 79 and 82 of the Level 2 Regulations, as interpreted by the European Insurance and Occupational Pension Authority’s (“**EIOPA**”) “Guidelines on Own Funds” (BoS-14/168 EN). References to the Own Funds of a particular entity are references to the Own Funds held by an entity, whereas references to the Group’s Own Funds, are references to the Own Funds within the scope of the Solvency II group.
- **Solvency Capital Requirement (“SCR”)**: This is the standard Own Funds level that a UK life insurer is required to maintain by the United Kingdom Prudential Regulation Authority (“**PRA**”). A separate calculation also applies to Solvency II groups. SCR is determined by reference to a basic standard formula set out in Articles 103–111 of Solvency II, however, a life insurer may agree an amendment to the standard formula to create a bespoke calculation which more accurately reflects the risks applicable to that life insurer, that amendment is achieved by way of an internal model (the “**Internal Model**”). Internal Models can be further defined as full or partial models. Full model – all risk categories are quantified using the internal model. Partial model – one or more modules of the SCR as laid out under Solvency II are calculated using the standard formula. Own Funds held to meet the SCR requirement (and any additional amendment or add-on approved by the PRA) are also referred to as “regulatory

capital” and any reference to an increase or decrease in a regulatory capital requirement is a reference to an increase or decrease in the amount of regulatory capital an entity has to hold. The amount by which an SCR requirement is exceeded by Own Funds is referred to as the “**Solvency II Surplus**”.

- **Solvency II Coverage Ratio (“SCR Coverage”)**: This is the ratio of Solvency II Own Funds to SCR.
- **Assets under management (“AUM”)**: These are assets managed by the Group and held: (i) in respect of actual or anticipated liabilities to policyholders under a policy; or (ii) on behalf of policyholders under the terms of a policy; or (iii) in respect of shareholders to the extent the assets are not held for (i) or (ii).

Currencies

In this Information Memorandum and the information incorporated by reference into this Information Memorandum, references to “**£**”, “**sterling**” or “**GBP**” are to the lawful currency of the United Kingdom of Great Britain and Northern Ireland (the “**United Kingdom**”), references to “**U.S. dollars**” or “**U.S.\$**”, are to the lawful currency of the United States, and references to “**Euro**”, “**euro**” or “**€**” are to the euro, the European single currency which was introduced at the start of the third stage of the European Economic and Monetary Union, pursuant to the Treaty establishing the European Community (as amended from time to time).

Currency exchange rate information

Unless otherwise indicated, the financial information contained in this Information Memorandum has been expressed in sterling. The functional currency of the Issuer is sterling, as is the reporting currency of the Group. Transactions not already measured in sterling have been translated into sterling in accordance with the relevant provisions of IAS21. These translations should not be construed as representations that the relevant currency could be converted into sterling at the rate indicated, at any other rate or at all.

In addition to the convenience translations (the basis of which is described above), the basis of translation of foreign currency transactions and amounts contained in the audited and unaudited financial information included in this Information Memorandum is described therein and may be different to the convenience translations.

Notes may not be a suitable investment for all investors

The Notes may not be a suitable investment for all investors. Each potential investor in the Notes must determine the suitability of the investment in light of its own circumstances. In particular, each potential investor should (a) have sufficient knowledge and experience to make a meaningful evaluation of the Notes, the merits and risks of investing in the Notes and the information contained in this Information Memorandum or any applicable supplement; (b) have access to and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Notes and the impact such investment will have on its overall investment portfolio; (c) have sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes, including where the currency for principal or interest payments is different from the potential investor’s currency; (d) understand thoroughly the terms of the Notes and be familiar with the behaviour of any relevant indices and financial markets; and (e) be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

The Notes are complex financial instruments. An investment in the Notes may be considered by investors who are in a position to be able to satisfy themselves that the Notes would constitute an understood, measured, appropriate addition of risk to their overall portfolios. A potential investor should not invest in the Notes unless it has the expertise (either alone or with the help of a financial adviser) to evaluate how the Notes will perform under changing conditions, the resulting effects on the value of the Notes and the impact this investment will have on the potential investor’s overall investment portfolio.

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OVERVIEW OF THE PROGRAMME

The following overview does not purport to be complete and is taken from, and is qualified in its entirety by, the remainder of this Information Memorandum and, in relation to the terms and conditions of any particular Tranche of Notes, the applicable Pricing Supplement. Words and expressions defined in “Terms and Conditions of the Tier 3 Notes” and “Terms and Conditions of the Tier 2 Notes” below shall, as appropriate, have the same meanings in this overview.

Issuer	Rothsay Life Plc
Issuer Legal Entity Identifier (LEI):	MFQO711J5UPYBWXSPG12
Website of the Issuer	www.rothesay.com
Description	Euro Medium Term Note Programme.
Size	Up to £3,000,000,000 (or the equivalent in other currencies at the date of issue) aggregate nominal amount of Notes outstanding at any one time.
Arranger	NatWest Markets Plc
Dealers	ABN AMRO Bank N.V. Barclays Bank PLC BNP Paribas HSBC Bank plc Lloyds Bank Corporate Markets plc Merrill Lynch International Morgan Stanley & Co. International plc NatWest Markets Plc The Issuer may from time to time appoint any institution as a Dealer either in respect of one or more Tranches or in respect of the whole Programme (each a “ Dealer ”, and together the “ Dealers ”) or terminate the appointment of any Dealer under the Programme in accordance with the Dealer Agreement.
Trustee	Citicorp Trustee Company Limited
Issuing and Paying Agent, Paying Agent, Calculation Agent and Transfer Agent	Citibank, N.A., London Branch.
Registrar	Citibank Europe plc
Method of Issue	The Notes will be issued on a syndicated or non-syndicated basis. The Notes will be issued in series (each a “ Series ”) having one or more issue dates and on terms otherwise identical (or identical other than in respect of the amount and date of the first payment of interest and date from which interest starts to accrue), the Notes of each Series being intended to be interchangeable with all other Notes of that Series. Each Series may be issued in tranches (each a “ Tranche ”) on the same or different issue dates. The specific terms of each Tranche (which will be completed, where necessary, with supplemental terms and conditions and, save in respect of the

issue date, issue price, date from which interest starts to accrue, first payment of interest and nominal amount of the Tranche, will be identical to the terms of other Tranches of the same Series) will be completed in the applicable pricing supplement document (“**Pricing Supplement**”).

Issue Price

Notes may be issued at their nominal amount or at a discount or premium to their nominal amount.

Form of Notes

The Notes may be issued in bearer form (“**Bearer Notes**”) or in registered form (“**Registered Notes**”) only.

Each Tranche of Bearer Notes will be represented on issue by a temporary Global Note if (i) definitive Notes are to be made available to Noteholders following the expiry of 40 days after their issue date or (ii) such Notes have an initial maturity of more than one year; otherwise such Tranche will be represented by a permanent Global Note.

Registered Notes will be represented by Certificates, one Certificate being issued in respect of each Noteholder’s entire holding of Registered Notes of one Series. Certificates representing Registered Notes that are registered in the name of a nominee or a common nominee, as the case may be, for one or more clearing systems are referred to as “**Global Certificates**”.

Clearing Systems

Clearstream Banking S.A. (“**Clearstream, Luxembourg**”) and Euroclear Bank SA/NV (“**Euroclear**”) and, in relation to any Tranche, such other clearing system as may be agreed between the Issuer, the Issuing and Paying Agent, the Trustee and the relevant Dealer.

Initial Delivery of Notes

On or before the issue date for each Tranche of Notes, the relevant Global Note(s) representing Bearer Notes or the Global Certificate representing Registered Notes may be deposited with a common depositary for Euroclear and Clearstream, Luxembourg. Global Notes or Global Certificates may also be deposited with any other clearing system or may be delivered outside any clearing system provided that the method of such delivery has been agreed in advance by the Issuer, the Issuing and Paying Agent, the Trustee and the relevant Dealer. Registered Notes that are to be credited to one or more clearing systems on issue will be registered in the name of nominees or a common nominee for such clearing systems.

Currencies

Subject to compliance with all relevant laws, regulations and directives, Notes may be issued in any currency agreed between the Issuer and the relevant Dealer(s).

Maturities

Subject to compliance with all relevant laws, regulations, directives and requirements of the UK Regulator, Tier 2 Notes may have any maturity of no less than 10 years.

Subject to compliance with all relevant laws, regulations, directives and requirements of the UK Regulator, Tier 3 Notes may have any maturity of no less than 5 years.

Specified Denomination

Notes will be in such denominations as may be specified in the relevant Pricing Supplement, save that in the case of any Notes which are to be admitted to trading on a regulated market in the United Kingdom or within the EEA or offered to the public in the United Kingdom or in a Member State of the EEA in circumstances which require the publication of a prospectus under either the UK Prospectus Regulation and/or the Prospectus Regulation (as applicable), the minimum denomination shall be €100,000 (or its equivalent in any other currency as at the date of issue of the Notes).

Status of Tier 3 Notes

The Tier 3 Notes will constitute direct, unsecured and subordinated obligations of the Issuer and rank *pari passu* and without any preference among themselves. The claims of holders of Tier 3 Notes will rank in priority to the claims of holders of Tier 2 Capital and Tier 1 Capital of the Issuer (and all obligations which rank, or are expressed to rank, *pari passu* therewith) and will rank junior to the claims of Senior Creditors (as such term is defined in “*Terms and Conditions of the Tier 3 Notes*”) of the Issuer in a winding-up of the Issuer and otherwise as set out in “*Terms and Conditions of the Tier 3 Notes – Status*”.

Status of Tier 2 Notes

The Tier 2 Notes will constitute direct, unsecured and subordinated obligations of the Issuer and rank *pari passu* and without any preference among themselves. The claims of holders of Tier 2 Notes will rank in priority to the claims of holders of Tier 1 Capital of the Issuer (and all obligations which rank, or are expressed to rank, *pari passu* therewith) and junior to the claims of Senior Creditors (as such term is defined in “*Terms and Conditions of the Tier 2 Notes*”) of the Issuer (including holders of Tier 3 Notes) in a winding-up of the Issuer and otherwise as set out in “*Terms and Conditions of the Tier 2 Notes – Status*”.

Solvency Condition

In relation to each Series of Notes, other than in circumstances where a winding-up of the Issuer has occurred or is occurring, all payments under or arising from the Notes, the Coupons and the Trust Deed (other than payments made to the Trustee for its own account under the Trust Deed) shall be conditional upon the satisfaction of the applicable Solvency Condition (as that term is described in Condition 3(b) of the relevant Terms and Conditions) at the time for payment by the Issuer and immediately thereafter.

Fixed Rate Notes

Fixed interest will be payable in arrear on the date or dates in each year specified in the relevant Pricing Supplement and will be calculated on the basis of such Day Count Fraction as specified in the relevant Pricing Supplement.

Fixed Rate Reset Notes

Fixed interest will be payable at the Initial Rate of Interest in arrear on the Interest Payment Date(s) in each year for an initial period up to (and including) the First Reset Note Reset Date specified in the relevant Pricing Supplement. Thereafter, unless “Mid-Swap Rate” has been selected in the relevant Pricing Supplement and a Benchmark Event has occurred, the interest rate may be recalculated on certain dates specified by reference to a Benchmark Gilt Rate, CMT Rate or Mid-Swap Rate for the relevant currency, and for a period equal to the Reset Period, as adjusted for any applicable margin, in each case as specified in the relevant Pricing Supplement.

Fixed to Floating Rate Notes

Interest on the Fixed to Floating Rate Notes will bear a fixed rate of interest during the period from (and including) the Interest Commencement Date to (but excluding) the Fixed Rate End Date specified in the relevant Pricing Supplement and from (and including) the Fixed Rate End Date will bear interest on the same basis as Floating Rate Notes.

Floating Rate Notes

Unless a Benchmark Event has occurred, Floating Rate Notes will bear interest determined separately for each Series as follows:

- (i) on the same basis as the floating rate under a notional interest rate swap transaction in the relevant Specified Currency governed by an agreement incorporating the 2006 ISDA Definitions as amended or supplemented, as published by the International Swaps and Derivatives Association, Inc.; or
- (ii) by reference to EURIBOR, BBSW or such other reference rate as may be specified in the applicable Pricing Supplement, in each case, as adjusted for any applicable margin.

Interest periods will be specified in the relevant Pricing Supplement.

The margin (if any) relating to such floating rate will be agreed between the Issuer and the relevant Dealer(s) for each Series of Floating Rate Notes.

Interest Periods and Interest Rates

The length of the interest periods for the Notes and the applicable interest rate or its method of calculation may differ from time to time or be constant for any Series. Notes may have a maximum interest rate, a minimum interest rate, or both. All such information will be set out in the relevant Pricing Supplement.

Benchmark Discontinuation

If a Benchmark Event occurs, such that any Rate of Interest (or any component part thereof) cannot be determined by reference to the Original Reference Rate, then the Issuer may (subject to certain conditions) be permitted to substitute such Original Reference Rate with a successor, replacement or alternative benchmark and/or screen rate (with consequential amendments to the terms of the relevant Series of Notes and the application of an adjustment spread (which could be positive, negative or zero, or could be a formula for determining an adjustment spread)). See

“Terms and Conditions of the Tier 2 Notes – Interest and other Calculations – Benchmark Discontinuation” or *“Terms and Conditions of the Tier 3 Notes – Interest and other Calculations – Benchmark Discontinuation”* (as applicable) for further information.

Optional Interest Deferral

If Optional Interest Payment Date is specified as being applicable in the applicable Pricing Supplement, the Issuer may on any Optional Interest Payment Date defer payments of the accrued but unpaid interest on the relevant Series of Notes as more fully described in *“Terms and Conditions of the Tier 3 Notes – Deferral of Payments”* and *“Terms and Conditions of the Tier 2 Notes – Deferral of Payments”* (as applicable).

Mandatory Interest Deferral

The Issuer is required to defer any payment of interest on the relevant Series of Notes on each Mandatory Interest Deferral Date (being an Interest Payment Date in respect of which a Regulatory Deficiency Interest Deferral Event has occurred and is continuing) as more fully described in *“Terms and Conditions of the Tier 2 Notes – Deferral of Payments”* and *“Terms and Conditions of the Tier 3 Notes – Deferral of Payments”* (as applicable).

Arrears of Interest

Any interest which is deferred in accordance with the Solvency Condition or mandatory deferral provisions contained in the Terms and Conditions of the Tier 3 Notes or the Tier 2 Notes or the optional deferral provisions contained in the Terms and Conditions of the Tier 3 Notes and the Terms and Conditions of the Tier 2 Notes, together with any other interest not paid on an earlier Interest Payment Date, will, for so long as it remains unpaid, constitute Arrears of Interest. Arrears of Interest will not themselves bear interest and will be payable by the Issuer as provided in Condition 5(e) in respect of the Tier 2 Notes and the Tier 3 Notes (as applicable).

Redemption

The relevant Pricing Supplement will specify the basis for calculating the redemption amounts payable.

The Pricing Supplement issued in respect of each issue of Notes will state whether such Notes may be redeemed at the option of the Issuer and, if so, the terms applicable to such redemption.

No Notes may be redeemed at the option of the holders of such Notes.

Redemption of the Notes is subject to, *inter alia*, the Issuer having complied with all relevant legal or regulatory requirements, including (to the extent then required by the UK Regulator or the Relevant Rules) rules on notification to, or consent or the provision of non-objection from, the UK Regulator as more fully described in *“Terms and Conditions of the Tier 3 Notes – Redemption, Substitution, Variation, Purchase and Options”* and *“Terms and Conditions of the Tier 2 Notes – Redemption, Substitution, Variation, Purchase and Options”* (as applicable).

Redemption Deferral

The Issuer is required to defer any scheduled redemption of the Notes (whether at maturity (if any) or if it has given notice of early redemption in the circumstances described below in Conditions 6(c), 6(d), 6(e), 6(f) and 6(i) of the relevant Terms and Conditions) or purchase of the Notes pursuant to Condition 6(h) of the relevant Terms and Conditions if:

- (i) a Regulatory Deficiency Redemption Deferral Event has occurred and is continuing or would occur if the relevant Series of Notes were redeemed or purchased;
- (ii) the relevant Series of Notes cannot be redeemed or purchased in compliance with the Solvency Condition; or
- (iii) the UK Regulator does not consent to the redemption (to the extent that consent is then required by the UK Regulator or the Relevant Rules) or the UK Regulator objects to the redemption or such redemption otherwise cannot be effected in compliance with the Relevant Rules on such date.

See “*Terms and Conditions of the Tier 3 Notes – Redemption, Substitution, Variation, Purchase and Options*” or “*Terms and Conditions of the Tier 2 Notes – Redemption, Substitution, Variation, Purchase and Options*” as applicable.

Early Redemption at the Option of the Issuer

If “Issuer Call Option” is specified in the applicable Pricing Supplement, the Notes of a Series may, subject as provided in Condition 6 of the relevant Terms and Conditions, be redeemed at their Optional Redemption Amount (which, unless otherwise specified in the applicable Pricing Supplement, shall be their principal amount), together in each case with any accrued and unpaid interest to (but excluding) the date fixed for redemption and any Arrears of Interest at the option of the Issuer on any Optional Redemption Date specified in the applicable Pricing Supplement.

Early Redemption, Variation or Substitution due to a Tax Event, Capital Disqualification Event and/or Ratings Methodology Event

Upon the occurrence of a Tax Event, a Capital Disqualification Event or (if “Ratings Methodology Call” is specified as being applicable to a Series of Notes in the applicable Pricing Supplement) a Ratings Methodology Event (or if a Capital Disqualification Event or a Ratings Methodology Event will occur within the forthcoming period of six months) the Notes of a Series may, at the election of the Issuer and subject as provided in Condition 6 of the relevant Terms and Conditions, be:

- (i) substituted for, or their terms may be varied so that they remain or become (as appropriate), Qualifying Tier 2 Securities or Qualifying Tier 3 Securities (as applicable), or Rating Agency Compliant Securities, whichever is relevant; or
- (ii) redeemed at the Special Redemption Price (which, unless otherwise specified in the applicable Pricing Supplement, shall be their principal amount), together in each case with

any accrued and unpaid interest to (but excluding) the date fixed for redemption and any Arrears of Interest,

all as more particularly described in “*Terms and Conditions of the Tier 3 Notes – Redemption, Substitution, Variation, Purchase and Options*” or “*Terms and Conditions of the Tier 2 Notes – Redemption, Substitution, Variation, Purchase and Options*” as applicable.

Clean-up Redemption

If “Issuer Clean-up Call” is specified as being applicable to a Series of Notes in the applicable Pricing Supplement, and if at any time after the issue date of the first Tranche of such Series 80 per cent. or more of the aggregate principal amount of the Notes of that Series originally issued (and, for these purposes, any Further Notes that are consolidated with such Series of Notes will be deemed to have been originally issued) has been purchased by the Issuer or any of its Subsidiaries and cancelled, then the Issuer may, subject as provided in Condition 6, redeem all, but not some only, of the Notes of such Series at the Clean-up Redemption Price (which, unless otherwise specified in the relevant Pricing Supplement, shall be their principal amount) together with any Arrears of Interest and any other accrued and unpaid interest to (but excluding) the date of redemption.

Pre-conditions to redemption, substitution, variation or purchase

Any purchase of Notes by the Issuer or any Subsidiary of the Issuer, any redemption of the Notes and any substitution or variation of the Notes will, if and to the extent then required by the Relevant Rules, be conditional upon:

- (i) the Issuer being in continued compliance with the Regulatory Capital Requirements (if any) applicable to them;
- (ii) the Issuer having complied with all relevant legal or regulatory requirements, including (to the extent then required by the UK Regulator or the Relevant Rules) rules on notification to, or consent or the provision of non-objection from, the UK Regulator); and
- (iii) compliance with certain other applicable requirements of the Relevant Rules regarding redemption, purchase, substitution or variation (as the case may be) of the Notes,

all as more particularly described in “*Terms and Conditions of the Tier 3 Notes – Redemption, Substitution, Variation, Purchase and Options*” or “*Terms and Conditions of the Tier 2 Notes – Redemption, Substitution, Variation, Purchase and Options*” as applicable.

Enforcement Rights

In respect of each Series of the Notes, if default is made by the Issuer for a period of 14 days or more in the payment of any amount due under the Notes, the Trustee at its discretion may, and if so requested by Noteholders of at least one-quarter in principal amount of the relevant Series of Notes then outstanding or if so

directed by an Extraordinary Resolution shall (subject to its having been indemnified and/or secured and/or pre-funded to its satisfaction) institute proceedings for the winding-up of the Issuer and prove in the winding-up or administration of the Issuer and/or claim in the liquidation of the Issuer, but may take no further or other action to enforce, prove or claim for any payment by the Issuer in respect of such Notes, the related Coupons or the Trust Deed.

In respect of each Series of the Notes, if a winding-up of the Issuer (other than an Approved Winding-up) occurs or an administrator of the Issuer is appointed and the administrator has given notice that it intends to declare and distribute a dividend, the Trustee at its discretion may, and if so requested by Noteholders of at least one-quarter in principal amount of the relevant Series of Notes then outstanding or if so directed by an Extraordinary Resolution shall (subject to its having been indemnified and/or secured and/or pre-funded to its satisfaction) prove in the winding-up or administration of the Issuer and/or claim in the liquidation of the Issuer, but may take no further or other action to enforce, prove or claim for any payment by the Issuer in respect of such Notes, the related Coupons or the Trust Deed.

In respect of each Series of the Notes, the right to institute winding-up proceedings in respect of the Issuer is limited to circumstances where a payment under the Notes has become due and has not been paid by the Issuer. For the avoidance of doubt, unless a winding-up of the Issuer has occurred, no amount shall be due from the Issuer in those circumstances where payment of such amount could not be made in compliance with the Solvency Condition or is deferred in accordance with Condition 5(a) (if applicable), 5(b) or 6(b)(i) of the relevant Terms and Conditions of the Notes.

Withholding Tax

All payments of principal, premium and interest (including, without limitation, Arrears of Interest) by or on behalf of the Issuer in respect of the Notes and the Coupons 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 a Relevant Jurisdiction, unless such withholding or deduction is required by law. In that event, the Issuer shall pay such additional amounts in relation to interest and Arrears of Interest (but not principal) as shall result in receipt by the Noteholders and Couponholders of such amounts as would have been received by them in respect of payments of interest and Arrears of Interest had no such withholding or deduction been required, subject to customary exceptions – see “*Terms and Conditions of the Tier 3 Notes – Taxation*” and “*Terms and Conditions of the Tier 2 Notes – Taxation*” (as applicable).

Substitution of obligor

The Conditions permit the Issuer (subject to the Issuer receiving consent or the provision of non-objection from the UK Regulator, and the UK Regulator not having withdrawn its approval, permission or consent, to such act (in any case only if and to the extent then required by the UK Regulator or the Relevant Rules)) to agree with the Trustee to the substitution in place of the Issuer of a Substitute Obligor without the consent of the Noteholders.

Meetings of Noteholders

The Trust Deed contains provisions for calling meetings of holders of a relevant Series of Notes (including by way of conference call or videoconference) to consider matters affecting their interests generally.

The Trust Deed also provides that a resolution passed in writing or by way of electronic consents through the relevant clearing system(s) by or on behalf of holder(s) of not less than 75 per cent. in nominal amount of the relevant Series of Notes for the time being outstanding who (in either case) would have been entitled to vote upon such resolution if it had been proposed at a meeting at which they were present, shall, in each case, be effective as an Extraordinary Resolution of the Noteholders.

These provisions permit defined majorities to bind all Noteholders of that Series including Noteholders who did not attend and vote at the relevant meeting (and Noteholders who voted in a manner contrary to the majority) or, as the case may be, did not sign the written resolution or provide their electronic consents.

Governing Law

The Trust Deed, the Notes and the Coupons and any non-contractual obligations arising out of or in connection therewith will be governed by, and construed in accordance with, English law

Listing

Application has been made for Notes issued under the Programme to be admitted to the Official List of Euronext Dublin and to trading on the Global Exchange Market of Euronext Dublin. Euronext Dublin's Global Exchange Market is not a regulated market for the purposes of MiFID II or UK MiFIR.

Ratings

Series of Notes may be rated or unrated. As at the date of this Information Memorandum Fitch has assigned a rating of BBB+ to the Programme. Where a Series of Notes is rated, the applicable rating(s) will be specified in the applicable Pricing Supplement. A credit rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.

Selling Restrictions

Restrictions on the offering and sale of the Notes apply in the United States, the EEA, the UK, France, Canada, the Republic of Italy, Hong Kong, Japan and Singapore, and may also apply elsewhere. See "*Subscription and Sale*".

The Issuer is Category 2 for the purposes of Regulation S.

The Notes will be issued in compliance with U.S. Treasury Regulation §1.163-5(c)(2)(i)(D) (or any successor rules in substantially the same form that are applicable for the purposes of Section 4701 of the U.S. Internal Revenue Code of 1986, as amended (the “**Code**”)) (the “**D Rules**”) unless (i) the relevant Pricing Supplement states that Notes are issued in compliance with U.S. Treasury Regulation §1.163-5(c)(2)(i)(C) (or any successor rules in substantially the same form that are applicable for the purposes of Section 4701 of the Code) (the “**C Rules**”) or (ii) the Notes are issued other than in compliance with the D Rules or the C Rules but in circumstances in which the Notes will not constitute “registration required obligations” under the United States Tax Equity and Fiscal Responsibility Act of 1982 (“**TEFRA**”), which circumstances will be referred to in the relevant Pricing Supplement as a transaction to which TEFRA is not applicable.

RISK FACTORS

The Issuer believes that the following factors may affect its ability to fulfil its obligations under Notes issued under the Programme. All of these factors are contingencies that may or may not occur and the Issuer is not in a position to express a view on the likelihood of any such contingency occurring.

Any of these risk factors, individually or in the aggregate, could have an adverse effect on the Issuer and the impact each risk could have on the Issuer is set out below.

Factors that the Issuer believes may be material for the purpose of assessing the market risks associated with Notes and which are inherent in investing in the Notes issued under the Programme are also described below.

The Issuer may be unable to pay interest, principal or other amounts on or in connection with any Notes for other reasons and the Issuer does not represent that the statements below regarding the risks of holding any Notes are exhaustive. Prospective investors should also read the detailed information set out elsewhere in this Information Memorandum (including any documents deemed to be incorporated by reference herein) and reach their own views prior to making any investment decision.

RISKS RELATING TO THE GROUP

Factors that may affect the Issuer's ability to fulfil its obligations under or in connection with the Notes

Insurance risks relating to the Group's business

The Group writes only one line of insurance business and therefore any increase in the costs associated with that type of insurance or any failure accurately to assess the value of the liabilities insured could have an adverse effect on the Group's business

The Group's insurance business is currently limited to assuming and insuring the liabilities of defined benefit pension schemes, in-payment annuities and deferred annuities. Benefit amounts must be well defined either in real or nominal terms, and there must be sufficient data available to enable an assessment of the value of those liabilities. If the data on which the Group relies to assess the liabilities is unreliable or incorrect, or the cost of such liabilities becomes subject to a sudden, unexpected or unprotected increase, in the absence of sufficient reinsurance arrangements and other reserves, the Group may not be prepared or in a position to cover the increased cost of such liabilities. Given that the Group does not write diversified lines of business, this could have an adverse impact on the Group's business, results of operations and financial position.

There can be no assurance that the Group will continue to write a single line of insurance business. Any decision by the Group to change its business strategy or to write new types of insurance business could result in the Group being subject to different solvency, capital or other regulatory requirements. Future diversification of the Group's business could also subject it to risks that could affect its existing operations. As a result, this could have an adverse impact on the Group's business, results of operations and financial position.

The Group's capital position may be impacted by sudden increases in longevity expectations

The Group has a specific risk tolerance and one of its primary insurance-related risks is longevity risk. The Group has strict underwriting criteria which currently aim to maintain reinsurance of the Group's longevity risk within a target range, subject to its defined counterparty risk limits. Its approach is to mitigate longevity risk through use of reinsurance by entering into longevity reinsurance agreements with reinsurers after an insurance transaction is executed. The Group pays an agreed schedule of premiums to the relevant reinsurer on an ongoing basis in exchange for the reinsurer paying the actual pension benefits as they arise. To date, these reinsurance arrangements have involved no upfront premium outlay being payable by the Group to reinsurers and such

arrangements are collateralised for moves in projections of life expectancy. As at 31 December 2022, such measures had the effect of hedging approximately 89 per cent. of the Group's exposure to longevity risk associated with the Group's underlying annuity contracts. However, the Group is also subject to limitations as to the longevity related liabilities for which it can obtain reinsurance cover, for example, in relation to deferred members, unmarried dependants and small pension insurance transactions. The Group will also obtain reinsurance cover only where it is economical to do so. In addition to the availability and cost of suitable reinsurance cover, the proportion of risk retained by the Group depends on the nature of the risks that are required to be covered.

Similar to other bulk annuity providers, the performance of the Group's business will depend on the actual experience of mortality rates and mortality trends. The projection of annuity obligations used for pricing and reserving requires a number of actuarial assumptions to be made. Assumptions utilised in the projections are determined using recent historical experience, rating models and reinsurance pricing. The Group conducts rigorous research into longevity risk, using, among other sources, data from its substantial portfolio. As part of its pension annuity pricing and reserving policy, the Group assumes that current rates of mortality continuously improve over time at levels based on adjusted data and models from the Continuous Mortality Investigation, as published by the Institute and Faculty of Actuaries. However, there is uncertainty associated with longevity risk, due to the difficulty in predicting future drivers of longevity improvements and the length of the period for which such risk persists. This uncertainty is exacerbated by the long-term potential impact of the COVID-19 strain of coronavirus ("COVID-19") as well as the potential impacts of increased NHS backlogs and funding pressure. If mortality improvement rates significantly exceed the improvement assumed, the Group's results of operations could be adversely affected. There is also potential for systemic changes in mortality rates to arise, for example, from a cure for a major disease being found in the near term which may have a limited immediate impact on current mortality rates but could have a significant impact on longer-term expectations of mortality rates. As a result, there is the potential for the Group's assumptions about longevity to be incorrect or inaccurate, such that policyholders live for a longer period of time than had been anticipated in the projections forecast by the Group. Conversely, the impact of epidemics and other effects that cause a large number of deaths also have the potential for the Group's assumptions as regards longevity to be incorrect or inaccurate.

In addition, given the nature of the bulk annuities that the Group writes and assumes, the assumptions used can only be derived specifically from the section of the population under consideration rather than more broadly. Consequently, the Group is also exposed to longevity "basis risk", which occurs in circumstances when patterns that are detected on, for example, a national level are not necessarily commensurate with, or reflective of, any given subgroup relevant to the Group (such as the policyholders that are members of UK defined benefit schemes). The Group is also subject to "measurement lag risk", which occurs in circumstances where well-defined improvement patterns in the relevant data do not become apparent until a period of time has elapsed.

Some of the annuities acquired from other insurers are individual annuities that were purchased by individuals using the proceeds of their personal pension funds. As individuals have an open market option that allows them to purchase an annuity from any provider, it is likely that those purchasing annuities that have not been medically underwritten are more healthy than average. Much of the impact of this "selection risk" is likely to have reduced given the time that has elapsed since the individual annuities were issued and the Group has allowed for this "selection risk" in setting its assumptions but there is a risk that the allowance for this risk is incorrect.

Any change in longevity expectations may result in the Group having to hold a higher level of reserves and/or capital. It may also impact on the Group's profitability, which could have an adverse impact on the Group's business, results of operations and financial position.

Inaccurate data, incorrect projections or incorrect assumptions may result in the Group holding insufficient reserves to support its liabilities

In common with other life insurers, the profitability of the Group's business depends on a mix of factors including trends in the mortality levels noted above, policy surrender rates, investment performance and impairments, unit cost of administration and new business acquisition expenses. As a consequence, the Group needs to make assumptions about a number of factors in determining the pricing of its products and setting reserves, as well as for reporting its capital levels and the results of its long-term business operations. As noted above, the assumptions that the Group makes about future expected levels of mortality and the risks associated therewith are particularly relevant for its business.

The Group makes assumptions relating to the proportion of policyholders who are married (or have other eligible financial dependants) and the age of a policyholder's spouse. There may be instances in which the proportion of policyholders who are married is higher than predicted and a greater number of financial dependants than anticipated are eligible to receive benefits following the deaths of policyholders. Should these circumstances arise, the Group will be required to pay a greater than expected amount of contingent benefits. Similarly, the Group may be required to pay out a higher amount than expected where a deceased policyholder's spouse, who is eligible to receive benefits following the death of a policyholder, is younger than expected.

The Group also makes certain assumptions in relation to future expected levels of the exercise of options, specifically cash commutation and transfers by deferred members to another insurance provider. The Group's assumptions reflect recent past experience for its business. If actual levels of take up of cash commutation and transfers are different from those assumed, the Group's business, results of operations and financial position could be adversely affected.

Other key assumptions which the Group makes concern the returns it will make on its assets including how much may be lost in future due to defaults, and the long-term costs of managing the business including costs associated with policy administration and investment management. Higher costs or lower investment returns could adversely affect the Group's business, results of operations and financial position.

The Group holds reserves to try to ensure that it has sufficient funds available to pay its liabilities at the time that they fall due. The calculation of the potential liabilities is based on, among other things, assumptions reflecting the Group's best estimate at the time, allowing a margin for risk and adverse deviation. The Group monitors actual experience as compared with the actuarial assumptions used and it refines its assumptions on the basis of experience. While the Group currently considers that the reserves established and capital held in respect of the Group's business are sufficiently conservative to meet its obligations to policyholders under a range of potential circumstances, the Group's assumptions may prove to be incorrect or inaccurate (whether as a result of miscalculation by the Group or changes in factors such as longevity which are outside the Group's control). Consequently, the Group could be required to establish additional reserves, which could have a material impact on the Group's results of operations and financial position.

Inaccuracies in data held by or on behalf of the Group or in projections or assumptions made by the Group may (i) result in the Group having to hold a higher level of reserves or a higher level of capital, and/or (ii) have an adverse impact on the Group's business, results of operations and financial position.

The unavailability of adequate reinsurance coverage may adversely impact the Group

The Group enters into longevity reinsurance arrangements with a diversified group of global third-party reinsurers in order to cover a large proportion of its risk. The availability and cost of reinsurance depends upon market conditions and the reinsurers' own financial position and capacity. Reinsurers are also subject to changes in legislation and regulation, which could have a material impact on the Group's ability to obtain reinsurance

coverage, particularly where such changes give rise to increases in pricing or a reluctance on the part of reinsurers to reinsure certain types of risk.

It is possible that the Group could enter into a defined benefit pension scheme buy-in or buy-out transaction (as described in the section headed “*Description of the Issuer and the Group – Key services and products*”) and then be unable to obtain reinsurance in respect of all or part of the longevity related liabilities assumed. If the Group is unable to obtain reinsurance, either because there is a lack of reinsurance coverage available due to changes in the reinsurance market, or reinsurance cover is available but only on terms that the Group is not willing or able to meet, the Group would be required to retain a significant portion of risk and could be subject to higher capital requirements as a result. Accordingly, this could have a material adverse effect on the Group’s business, results of operations and financial position.

The Group is exposed to conduct risks where its actions result in poor outcomes for policyholders or other individuals

Conduct risk can arise as a result of the Group’s interaction with policyholders and represents the risk that the Group achieves outcomes for customers which are, or could be expected to become, detrimental to them. The Group also has some limited exposure to conduct risk relating to historic conduct of the insurance companies from which it has acquired individual annuities. At present, there are no specific thematic reviews or investigations that the Group is aware of which may impact these types of annuities.

Additionally, as the Group is reliant on third-party administration providers to service its policyholders, handle claims and distribute its products, there is a risk of the Group being exposed to poor treatment of policyholders through the conduct of the administration providers. Associated risks include, among other things, failings in administration and customer service, and poor policyholder complaint handling. These risks could result in regulatory censure and fines, additional costs incurred and/or policyholder redress, as well as reputational damage. In addition, policyholders or groups of policyholders may seek legal redress where their policy or policies fail to meet their reasonable expectations.

The Group also acquires newly originated equity release mortgages (“**ERMs**”) and Dutch residential mortgages (“**DRMs**”) and although both the lender and the intermediaries advising on the sale of ERMs and DRMs are independent of the Group, the product design and conduct of the lender could give rise to conduct risks for the Group.

Should any such conduct risks arise, it is possible that they may have an adverse effect on the Group’s business, results of operations and financial position. See also “*Risk Factors – The Group is subject to the FCA’s TCF principles, which are central to the FCA’s regulatory approach*” and “*Risk Factors – The Group is subject to the FCA’s new Consumer Duty*” below.

Business and economic risks relating to the Group’s business

The Group operates in a sector in which the volume of new business varies from year to year

The volume of buy-in and buy-out transactions by defined benefit pension schemes will fluctuate over time and from year to year as a result of, among other things, changes in the pricing and affordability of defined benefit pension scheme buy-in and buy-out transactions, which can be affected by factors such as the level of real interest rates.

The Group has also executed a number of large individual transactions both with defined benefit pension schemes and in the acquisition of back books from other insurers. The likelihood of such transactions being repeated in the future over any given period of time is not ascertainable. Past performance is not an indicator of future performance and there can be no assurance that the Group will continue to write the same or similar volumes of business as in previous years nor that there will be upward linear transaction growth in the defined

benefit pension scheme buy-in/buy-out sector. Similarly, there can be no assurance that the Group's business will not be affected by any adverse publicity arising from any difference between the Group's results of operations in any financial year and commentators' expectations for such results.

A deterioration in the ratings or value of sovereign debt could have a material adverse impact on the Group's business, results of operations and financial position

Sovereign debt represents a substantial portion of the Group's investment portfolio, of which the majority comprises UK government guaranteed bonds. Accordingly, the Group is subject to the risk of potential sovereign debt credit deterioration owing to the amounts of sovereign debt obligations held in its investment portfolio. In recent years, rating agencies have downgraded the sovereign debt of some countries and there is a risk of further downgrades if macro-economic uncertainties and geopolitical risks persist.

Investing in sovereign debt creates exposure to the direct or indirect consequences of political, social or economic changes (including changes in governments, heads of states or monarchs) in the relevant jurisdictions and the creditworthiness of the sovereign. In addition, the governmental authorities that control the repayment of such debt may be unable or unwilling to repay principal or pay interest when it falls due in accordance with the terms of such debt, and the Group may have limited recourse to compel payment in the event of a default. A sovereign debtor's willingness or ability to repay principal and to pay interest in a timely manner may be affected by, among other factors, its cash flow situation, its relations with its central bank, the extent of its foreign currency reserves, the availability of sufficient foreign exchange on the date a payment is due, the relative size of the debt service burden to the economy as a whole, the sovereign debtor's policy towards local and international lenders, and the political constraints to which the sovereign debtor may be subject.

Moreover, governments may use a variety of techniques, such as intervention by their central banks or the imposition of regulatory controls or taxes, to devalue their currencies' exchange rates. Governments may also adopt monetary and other policies (including managing their debt burdens) that have a similar effect, all of which could adversely impact the value of an investment in sovereign debt even in the absence of a default. Periods of economic uncertainty may affect the volatility of market prices of sovereign debt to a greater extent than the volatility inherent in debt obligations of companies or other institutions.

An example of such an intervention was by the UK government following the "mini-budget" in September 2022. Market volatility was triggered by investor unease at the prospect of large unfunded tax cuts, entailing a significant increase in Gilt supply, at a time when the Bank of England was raising the base rate of interest to combat inflation and was due to reduce the size of its balance sheet by selling government bonds. The sharp increase in Gilt yields caused financial strain at some UK pension funds and prompted the Bank of England to intervene in the long dated Gilt market for a period due to financial stability concerns. Market conditions subsequently improved as the fiscal stimulus was pared back. However, market turbulence could re-emerge as there is scope for further policy errors and the political backdrop remains uncertain.

Under Solvency II and the Group's internal models, the rating of non-UK sovereign debt impacts the associated capital requirements and hence a downgrade of a non-UK sovereign could lead to increased capital requirements.

In addition, if a sovereign default or other such event described above were to occur, other financial institutions may also suffer losses or experience solvency or other concerns, and the Group might face additional risks relating to any debt of such financial institutions held in its investment portfolio. There is also a risk that public perceptions about the stability and creditworthiness of financial institutions and the financial sector generally might be affected, as might counterparty relationships between financial institutions. If a sovereign were to default on its obligations, or adopt policies that devalue or otherwise alter the currencies in which its obligations are denominated, this could have a material adverse effect on the Group's business, results of operations and financial position.

The competitive environment in the UK life insurance market could affect the profitability of the Group and the long-term viability of its business model

The life insurance market in which the Group operates in the UK is highly competitive. In light of developing demographic trends and as is consistent with other participants in the UK insurance industry, the Group faces strong competition in its business and challenges to its continued profitability. The long-term viability of the Group's product range depends upon an adequate response to such competition by management. The Group's principal competitors include many of the major retail financial services companies and fund management companies including, in particular, Aviva, Legal & General, Pension Insurance Corporation, Just Group, Phoenix and Lloyds Banking Group. Other companies, either existing UK or non-UK insurers or brand-new entities, may enter the market in future. In recent years, there have been a few new entrants into the sector, structured as pension consolidators. These entities are not seen as direct competitors to the Group as their focus is more on smaller transactions and pension funds that are less well funded and therefore cannot afford a bulk annuity transaction with an insurance company. Several factors affect the Group's ability to sell its products (and therefore its continued profitability), including price and yields offered, financial strength and ratings as regards assets, brand strength and name recognition, investment management performance and developing demographic trends, and the appetite of companies and defined benefit pension schemes for pension de-risking transactions. The Group faces competitors that are larger, have greater financial resources, a greater market share or offer a broader range of products. Further, heightened competition for talented and skilled employees may limit the Group's potential to grow its business as quickly as planned.

Management considers that competition will intensify across the UK in response to demand from companies and defined benefit pension schemes for pension de-risking transactions, the impact of consolidation, availability of investors willing to deploy capital into the sector, regulatory actions and other factors. The Group's ability to generate an appropriate return depends significantly upon its capacity to anticipate and respond appropriately to these competitive pressures. A failure to do so may have a material adverse effect on the Group's business, results of operations and financial position.

In addition, competitor companies may merge, cease to write business and go into run-off or otherwise withdraw from major lines of business. While these actions may impact positively on the Group by reducing the number of competitors in the market, they may also result in a material adverse effect on the Group's business, results of operations and financial position, for example, through the increased market strength of a competitor following a merger.

The UK insurance industry also faces the risk that the proposed framework for pension scheme consolidation highlighted in the Department for Work & Pensions white paper "Protecting Defined Benefit Pension Schemes" leads to the emergence of an alternative, potentially cheaper, option for sponsoring employers wishing to settle their pension scheme liabilities. If pension schemes were allowed to transfer their liabilities to new pension scheme consolidators then demand for some of the Group's product range may fall, particularly for the smaller pension schemes.

The Group's business is concentrated in the UK and is exposed to events affecting the UK

The Group writes its business in the UK and is therefore exposed to the economic, market, fiscal, regulatory, legislative, political and social conditions in the UK.

Adverse events affecting the economy of the UK and the longevity of its citizens could have a material adverse effect on the Group's business. The Group is particularly sensitive to economic conditions in respect of its investment portfolio. Consequently, any events which have an adverse impact on the UK economy could have a significant impact on the Group's business, results of operations and financial position.

For example, since the end of 2021, there has been an increase in the cost of living in the UK (particularly in relation to food, energy and other essentials) triggered by a number of connected factors including supply chain disruption, political instability in the UK (such as in relation to Brexit (as defined below)) and the war in Ukraine. The resulting “cost of living crisis”, compounded by high levels of inflation and rising interest rates, could affect the Group’s investment portfolio in the future and adversely affect the Group’s business, results of operations and financial position.

In addition, if Scotland were to become independent from the UK or if Northern Ireland were to be treated separately from the rest of the UK, the impact on financial and currency markets could be significant and may impact materially upon all financial institutions and insurance companies, including the Group. Such an event could adversely affect the Group’s business, results of operations and financial position.

There can be no assurance that the Group’s insurance business will continue to be concentrated in the UK and the Group may in the future seek to carry on insurance business overseas. Consequently, the Group could become subject to additional risks as a result of exposure to foreign economic, market, fiscal, regulatory, legislative, political and social conditions in the relevant countries in which it may seek to carry on business. This could have an adverse impact on the Group’s business, results of operations and financial position.

The Group’s business is inherently subject to market fluctuations and general economic conditions. A deterioration in the global financial markets (including in the UK) and global economic and market conditions more generally could have a material adverse impact on the Group’s business, results of operations and financial position

Like other insurance companies, the Group’s business is inherently subject to, and affected by, fluctuations in general macro-economic and worldwide financial market conditions. Although the Group writes the majority of its business in the UK, the Group’s assets are invested in the UK and overseas, particularly in the U.S. and Europe.

Global financial markets are subject to uncertainty and volatility created by a variety of factors, including concerns over sovereign debt, the general slowing in world growth from subdued demand or slow demand, and the timing and scale of quantitative easing programmes of central banks. In the near term, the Russian invasion of Ukraine and the economic response by the international community has created further macro-economic volatility.

Upheavals in the financial markets may affect general levels of economic activity, employment and demand by companies and defined benefit pension schemes for pension de-risking transactions. The demand for annuities, reinsurance and other insurance products may therefore be adversely affected. If this uncertainty or negative trends in international economic and investment climates are sustained, it is likely to have a negative impact on the insurance sector over time and therefore may have an adverse impact on the Group’s business, results of operations and financial position.

Since 2008, the Group has operated against a challenging background of periods of significant volatility in global capital and equity markets, interest rates and liquidity, and widespread economic uncertainty. The global financial crisis and the subsequent Eurozone sovereign debt crisis have led to periods of marked deterioration and severe volatility in financial markets internationally. A wide variety of factors, including concerns over slowing growth, COVID-19, the war in Ukraine, high sovereign debt within, and to a lesser degree outside, the Eurozone, the stability and solvency of financial institutions, the recent increases in interest rates in developed markets, inflationary threats, increasing and/or sustained high energy prices, the risk of trade wars and the cost of living crisis have contributed to increased volatility in the financial markets in recent years and have diminished growth expectations for the global economy going forward. Global fixed income markets continue to experience periods of volatility and limited market liquidity, which have affected a broad range of asset classes and sectors. Trends in general economic conditions such as consumer spending, business investment,

government spending, exchange rates and commodity prices, the volatility and strength of both debt and equity markets, and inflation have also increased uncertainty in financial markets.

Consequently, it is clear that in the current economic climate there are a higher number of economic risks than expected in a normal economic cycle. Governments around the world, including in the UK, have intervened to stabilise financial markets through fiscal stimulus and injection of funds, with a particular focus being to avoid the failure of key financial institutions. In the UK, until 2022 the Bank of England had maintained a policy of low interest rates and implemented quantitative easing in order to support the economic recovery, but has since raised the base interest rate (the “**Bank Rate**”) relatively rapidly through a series of incremental rises in response to fluctuating macro-economic conditions.

In a sustained economic phase of low growth and high public debt, characterised by higher unemployment, lower household income, lower corporate earnings, lower business investment and lower consumer spending, the demand for annuity policies could be adversely affected. As a result of these market exposures, the Group’s financial position and results of operations may be subject to volatility and there can be no assurance as to the effect of such volatility, particularly if it is prolonged, on the Group’s business, results of operations and financial position.

Additionally, the interdependence of global financial institutions means that the failure of a sufficiently large and influential financial institution could materially disrupt global securities markets and settlement systems in such markets. This could cause severe market decline or volatility. Such a failure could also lead to a chain of defaults by counterparties that could materially adversely affect the Group. This risk, known as “systemic risk”, could adversely impact the Group’s business, results of operations and financial position as a result of reduced confidence in the financial services and insurance industry. This can be seen in the market disruption following the failure of Silicon Valley Bank in March 2023 and the ensuing events concerning other financial institutions, including Credit Suisse and Signature Bank.

In addition, new challenges related to market fluctuations and general economic conditions may continue to emerge. In the future, the adverse effects of such factors, coupled with a risk of deterioration in global financial markets, could have significant consequences for the business, results of operations and financial position of the Group, and be felt principally through (i) investment impairments or reduced investment returns, which could affect the Group’s ability to write significant volumes of new business and would have a negative impact on its assets under management as well as its profitability, (ii) higher credit defaults and wider credit and liquidity spreads resulting in realised and unrealised credit losses, (iii) downgrades of assets resulting in the need to hold additional solvency capital, (iv) increased counterparty credit risk to which the Group is exposed through the failure of counterparties to transactions with the Group or, for derivative transactions, adequate collateral not being in place, (v) estimates of the value of financial instruments being difficult because of certain illiquid or closed markets, which may result in the value at which financial instruments can be realised being highly subjective (processes to ascertain such values require substantial elements of judgement, assumptions and estimates (which may change over time)), (vi) increased illiquidity which, in turn, increases uncertainty in relation to the accessibility of financial resources and may reduce capital resources as valuations decline, (vii) a material impact on the Group’s ability to meet its liabilities to policyholders, clients and Shareholders (see – “*Description of the Issuer and the Group – Overview of the Group*” for further details) should there be a significant reduction in market values, and (viii) an adverse effect on the Group or its subsidiaries’ ability to meet their solvency obligations. Accordingly, such factors have significant consequences for the Group’s business and could result in a material adverse impact on its business, results of operations and financial position.

Geopolitical issues affecting the UK more generally may have an adverse impact on the Group

The Group's results of operations are materially affected by geopolitical factors which affect the UK. Geopolitical issues in, and emanating from, the U.S., the Middle East, China, Russia, Syria, North Korea, Ukraine and North Africa have contributed to increased uncertainty and volatility in the financial markets in recent years.

On 31 January 2020, the United Kingdom ceased to be a member of the EU and the EEA ("**Brexit**") and announced on 24 December 2020 that they had reached agreement on a draft EU-UK Trade and Cooperation Agreement ("**TCA**") covering trade in goods and in services, digital trade, intellectual property, public procurement, aviation and road transport, energy, fisheries, social security coordination, law enforcement and judicial cooperation in criminal matters, thematic cooperation and participation in EU programmes. However, the TCA does not cover financial services, other than through a general undertaking to ensure the implementation and application of internationally agreed standards in the financial services sector for regulation and supervision, leaving the decisions of "equivalence" and "adequacy" to be determined by each side unilaterally in due course. On 9 December 2022, the UK Government released a package of proposed reforms to financial services regulation referred to as the "Edinburgh Reforms". The proposed reforms are wide ranging, featuring thirty separate announcements. Further details of the reforms and the proposed timing of their implementation is not known, and their impact on the Group is uncertain. More broadly, the long-term impact of Brexit on the economic outlook of the Eurozone and the UK, and associated global implications, remain uncertain, particularly in relation to the financial services sector. These developments may contribute to the loosening of the political ties within the EU and could negatively impact the European economy and increase volatility in the financial markets, which could impact political cooperation within the EU. Growing populism and rising criticism against the EU have contributed to the sense that geopolitical risks in Europe remain an area of focus during 2023. As such, notwithstanding that the UK has left the EU, there remains significant uncertainty relating to the UK's future relationship with the EU and the basis of the UK's future trading relationship with the rest of the world as new agreements are negotiated. It is not possible to predict the manner and extent to which the UK's departure from the EU will affect the Group's business but, as the Group operates a UK-based business, this could adversely affect the Group's business and results of operations and financial position.

If any other EU member state ("**Member State**") were to seek to leave the Eurozone, or if an EU Member State were to default on its obligations, or if the Eurozone were broken up entirely, the impact on the financial and currency markets would be significant and could impact materially upon all financial institutions and insurance companies, including the Group. Whilst the final outcome remains uncertain, it is difficult to forecast whether there will be any impact on the trading and operating costs of the business, value of the Group's investment assets, the markets the Group participates in and other substantial business factors.

Climate change may have an adverse impact on the Group

The Issuer's assets are exposed to the potential impact of climate change. Such risks include:

- physical risks where the Group's assets are adversely impacted by changes such as increasing frequency and severity of flooding. Increased flooding could particularly impact property-related assets such as commercial real estate loans, equity release mortgages and Dutch residential mortgages; and
- transition risks where the Group's assets are adversely impacted by the process of adjustment towards a low carbon economy which may, for example, lead to stranded assets.

The Group has also made a number of commitments in relation to climate change. The Group has become a member of the UN-convened Net-Zero Asset Owner Alliance. The Alliance commits members to transitioning their investment portfolios to net zero greenhouse gas emissions by 2050, aligned with a maximum temperature

rise of 1.5 degrees above pre-industrial levels as outlined in the Paris Agreement. The Group is also a signatory to the UN Principles for Responsible Investing, a supporter of the Task Force on Climate-related Financial Disclosures and an early adopter of the Sustainability Reporting Standard for Social Housing Members (see – “*Description of the Issuer and the Group – The Group’s commitments to tackling climate change*”).

The Group is therefore exposed to both the potential adverse financial impact of transitioning its portfolio in line with its climate change commitments and to reputational risks associated with the failure to do so.

Circumstances may arise which result in the Group ceasing to write new business in the future

There are a variety of factors which could result in the Group being unable to write new business in the future, including, but not limited to, the actions of key personnel, regulatory intervention and/or adverse conditions in the market in which the Group operates.

Changes in pensions regulation and legislation in particular may have an adverse effect on the volume of new business written by the Group. The Pensions Act 2004 (“**Pensions Act**”) introduced changes to the way in which defined benefit pension scheme liabilities are managed by increasing the regulatory requirements for defined benefit pension schemes. This included, among other things, introducing a requirement for the defined benefit pension scheme sponsor to meet any deficit in the defined benefit pension scheme on the funding basis agreed between the defined benefit pension scheme trustee and the defined benefit pension scheme sponsor. This means that the sponsor must meet the cost of insuring the pension scheme liabilities on a buy-out transaction (and the defined benefit pension scheme must then enter into an insurance buy-in transaction in respect of all such liabilities) in order to remove the obligation to make any further contributions to the deficit in the defined benefit pension scheme. Following this, there has been a growth in the volume of pension buy-out and buy-in transactions year on year. However, any future changes to pensions legislation and/or the regulation of defined benefit pension schemes could have a negative impact on the volume of policies underwritten by the Group or increase the Group’s costs of doing so, which could adversely affect the Group’s business, results of operations and financial position.

A failure of the Group to continue to write new business would have an adverse effect on the financial position of the Group in circumstances where the Group fails to scale back its cost base to correspond with any such reduction in new business volumes. Similarly, any increase in the volume of business written by the Group may have an adverse impact on the Group’s business, results of operations and financial position if the Group fails to charge an adequate premium or has insufficient adequate capital to support an increase in its liabilities or fails to scale back its cost base appropriately.

Credit, market and liquidity risks relating to the Group’s business

The Group has exposure to various investment assets and any losses on the Group’s investments may have a material adverse impact on the Group’s business, results of operations and financial position

The Group’s primary investment classes comprise corporate bonds, Gilts and collateralised derivative assets together with other investments. The Group holds investments in order to meet its liabilities and its profitability depends to a large extent on the returns achieved on its investment portfolio. However, the value of investment assets fluctuates, which can have a sudden and unexpected impact on the Group’s capital levels. In the event of a downturn in the fixed income and/or other investment markets, there is a risk that the Group’s liabilities will exceed the value of its assets due to asset values falling. This would have an adverse impact on the Group’s business, results of operations and financial position. For further detail, see “*Risk Factors – A deterioration in the ratings or value of sovereign debt could have a material adverse impact on the Group’s business, results of operations and financial position*” and “*Risk Factors – The Group’s business is inherently subject to market fluctuations and general economic conditions. A deterioration in the global financial markets (including in the*

UK) and global economic and market conditions more generally could have a material adverse impact on the Group's business, results of operations and financial position".

Significant declines in property prices could have an adverse effect on the Group

The Issuer has acquired and continues to acquire newly originated ERMs as well as seasoned portfolios of ERMs and the Issuer's business plan targets further material investments in ERMs in the future. There have been reports that house prices in the UK have experienced the largest year-on-year drop since July 2009. A significant decline or sustained future declines in UK residential house prices could cause losses on its ERM portfolio, which is secured on residential property. Future adverse deviations in the mortality or voluntary repayment experience of ERM holders could also cause losses on the Issuer's ERM portfolio.

The Issuer has also made loans secured on commercial real estate. Whilst these loans generally have a low loan to value ratio or are against properties with high quality, long term tenants, a significant fall in UK and U.S. commercial real estate prices could adversely impact the performance of the commercial real estate loan portfolio.

The Issuer has also acquired newly originated DRMs and the Issuer's business plan targets further investments in DRMs in the future. A significant decline or sustained future decline in Dutch residential house prices or a decline in the Dutch economy more generally could cause losses on its DRM portfolio, which is ultimately secured on Dutch residential property.

Adverse investment performance in relation to these investments could have an adverse effect on the financial performance of the Group.

The Group has exposure to default and downgrade risk in relation to its investments

The majority of the Group's investment assets comprise bonds, Gilts and collateralised derivative assets, pursuant to which the Group is entitled to receive payments of interest and repayment of principal from the issuers of such instruments. The Group also seeks investment opportunities, including, among others, sovereign debt, supranational debt, secured residential lending, commercial real estate loans, equity release mortgages, DRMs, other secured lending, regulated infrastructure, collective investment schemes, cash and corporate bonds with a negative basis risk premium. As the Group's balance sheet has grown, the Group has also begun to invest part of its portfolio in corporate bonds. As noted above, sovereign debt represents a substantial portion of the Group's investment portfolio, of which the majority comprises UK government guaranteed bonds. The Group is therefore exposed to the risk of a default in payment of the instruments held in the Group's investment portfolio, including the risk of a default by the UK government on the bonds that are held by the Group. Rating downgrade of an investment also leads to an increase in the capital required to be held under Solvency II.

The investment strategy pursued by the Group seeks to minimise credit default risk and secure an illiquidity premium through (i) investing in low-risk asset classes such as government guaranteed bonds, (ii) investing in asset classes with security and other structural mitigation which protects the Group against loss in the event of a default, and (iii) limiting outright credit risk through the use of credit derivative hedges. In addition, the Group has accumulated an asset base for which few fundamental credit assessments are required. Monitoring and re-hedging of the Group's credit exposure occurs on a daily basis. However, there can be no assurance that such hedging will be effective in protecting the Group from such risk.

Notwithstanding the Group's relatively conservative investment strategy and its approach to risk management, any credit default risk resulting in the loss of all or part of the cash flow generated by the Group's investment assets could have a direct, immediate and materially adverse impact on the value of the Group's investment portfolio and on the income and returns that the Group expects to realise on such investments. If the investments held by the Group are subject to defaults or rating downgrades, this may have a material adverse impact on the Group's business, results of operations and financial position.

The Group enters into reinsurance treaties, agreements, investments and hedging contracts with a range of counterparties. Any failure by those counterparties to meet their obligations to the Group could have a material adverse effect on the Group's business, results of operations and financial position

The Group enters into longevity reinsurance transactions in respect of its longevity-related liabilities. The Group is therefore exposed to the failure of the counterparties to the arrangements. Should there be a default or other failure by any reinsurance counterparty to meet its obligations to the Group, the Group's ability to meet its own obligations to the relevant policyholders may be affected. This could have a material adverse impact on the Group's business, results of operations and financial position. The Group's largest reinsurance-related exposures are to Pacific Life Re, the Prudential Financial Group, the Royal Bank of Canada, SCOR Global Life SE, Hannover Re, Challenger, MassMutual and Reinsurance Group of America, Inc. A failure of one of these reinsurers in particular could have a material adverse effect on the Group's business, results of operations and financial position.

The Group also utilises over-the-counter derivative transactions to manage risks across its portfolio, for example, the purchase of credit protection on bonds held in negative basis packages, foreign exchange rate hedging contracts, interest rate hedging contracts, inflation delta hedging contracts and inflation volatility risk hedging contracts. The Group is therefore exposed to counterparty risk through the potential failure of one of these counterparties. A default by a hedging counterparty could have an adverse effect on the Group's business, results of operations and financial position.

Credit spread volatility may adversely affect the net unrealised value of the Group's investment portfolio

Credit spreads and credit ratings are sensitive to many factors, including changes in tax policy or legislation, regulatory requirements, changes in governmental policies, domestic and international economic and political considerations, inflationary factors, fiscal deficits, default on fixed income securities and other factors beyond the Group's control.

Any widening of credit spreads or credit rating downgrades will generally reduce the value of fixed income securities (generally or specifically), which could have a material adverse effect on the Group's regulatory capital position and may result in the Group being required to divest a portion of some of its investments in order to meet its liabilities. Credit spread tightening will generally increase the value of fixed income securities and credit rating upgrades the value of the affected securities. In the event that credit spreads widen in anticipation of a default, reduction in the value of the Group's assets may not correspond to an equivalent reduction in the value of the Group's liabilities.

Challenging conditions in the capital and credit markets may significantly impact the Group's ability to meet its liquidity needs

The Group needs liquidity in order to fund its insurance operations, as well as to meet policyholder claims and operating expenses. The Group relies on its holdings of liquid assets, investment income and premiums to meet its liquidity requirements. A lack of liquidity may prevent the Group from being able to pay its annuity obligations to policyholders as amounts fall due and also may limit the Group's ability to satisfy collateral calls as they arise under arrangements where a member of the Group has provided security to a counterparty. Difficult market conditions may reduce the availability of such liquidity sources, which could limit the ability of the Group to continue as a going concern or write new business and/or, in extreme circumstances, impact upon the Group's ability to meet its other obligations to policyholders and third parties as they arise.

The liquidity position of the Group is continually monitored. While a cash liquidity buffer exists, ongoing monitoring also allows mitigating actions to be taken at an early stage. The Group assumes conservative instantaneous market shocks to its liquidity position within certain parameters and measures the value of assets held which may be used to satisfy collateral posting requirements and also movements in the value of derivatives which may require collateral to be posted to derivative counterparties. In the event of an illiquid

market, the Group may need to seek additional financing in order to meet its short-term cash flow requirements as they fall due. Depending on the availability of credit and/or the ease with which the Group can access other forms of financing (such as the debt capital markets), the Group may have difficulty in obtaining the necessary capital required to operate its business and may have to realise its investments at a reduced value. The Group seeks to mitigate liquidity risk by dedicating sufficient investment resources to liquid assets that would allow it to meet its short-term liabilities. Liquidity risk is not considered to be a major risk for the Group and is likely to affect the Group only in the event of extremely challenging market conditions.

In addition, large short-term cash flow requirements may arise from collateral calls generated by the Group's portfolio of hedging instruments such as interest rate swaps, inflation rate swaps and foreign exchange contracts. Although the Group seeks to ensure that it has adequate collateral arrangements in place to support such transactions, there can be no assurance that these arrangements will always be sufficient, particularly in times of severe market volatility.

Sourcing illiquid, bespoke, secured or collateralised assets may prove difficult in the future and investing in such assets may expose the Group and/or its subsidiaries to liquidity and regulatory risks

Part of the Group's conservative investment strategy is to invest in low-risk assets that benefit from collateral, hedging arrangements or other security and extract value from the illiquidity that is associated with the types of assets. Approximately one-third of the Group's investment portfolio is or is planned to be invested in secured lending against property or other collateral. The majority of these investments are bespoke, with high levels of collateral, and returns are generated through illiquidity premiums. The Group makes asset investment decisions with an objective of ensuring that projected returns that can be generated from assets are secure and sustainable for the term of the policyholder reserves. When acquiring such assets, the Group seeks to minimise potential losses from any potential default in relation to such assets through physical or structural security or through implied or explicit sovereign support. Such assets are difficult to source because of their bespoke nature and because of regulatory constraints, notably the requirements that an asset needs to meet to be held in the matching adjustment fund and the treatment for capital purposes. Changes in applicable legislation and regulations may also affect whether the Group's current and future investment portfolio satisfies its prescribed SCR.

Changes in interest rates, inflation and foreign exchange rates may adversely affect the value of the Group's assets and liabilities

Interest rates

The Group invests in fixed income securities in order to support its annuity obligations to policyholders. Interest rate exposure therefore arises due to movements in future expectations of interest rates. The Group's solvency balance sheet is more sensitive to interest rate movements than its IFRS balance sheet. Interest rates are sensitive to many factors and fluctuations in interest rates in particular affect the returns that the Group may earn on fixed interest investments or other interest rate sensitive investments. Increases or decreases in interest rates affect the market values of the fixed income securities that the Group holds. Interest rate risk arises primarily where assets and liabilities do not respond to interest rate movements in the same way and, as noted above, it is not possible to match assets and liabilities on both a solvency and an IFRS basis. There is therefore a risk that the market value of the Group's assets is not sufficient to meet the present value of its insurance obligations or the Group's SCR, which would have a material adverse impact on the Group's business, results of operations and financial position.

Fluctuations in interest rates are influenced by factors outside of the Group's control (such as the fiscal and monetary policies of governments, central banks and UK and international political and economic conditions). During 2022, central banks started to tighten monetary conditions and raise interest rates. In the UK, to the date of this Information Memorandum, the Bank of England has raised the Bank Rate relatively rapidly through a series of incremental increases since February 2022.

As noted above, the Group hedges its liability, cash flows and exposure to interest rate risk, allowing for netting across its investment assets and insurance liabilities, by entering into a portfolio of interest rate swaps. The portfolio is constructed by analysing the sensitivity of all investment assets and insurance liabilities to movements in each of the underlying market instruments. A portfolio of interest rate swaps can then be constructed which replicates these sensitivities. Monitoring and re-hedging of the Group's exposure to interest rate swaps occur on a daily basis, and done as per the Group's risk management policy to within both IFRS and Solvency II-based tolerance metrics. However, there can be no assurance that such hedging will be effective in protecting the Group from such risk.

The Group seeks to meet cash outflows with respect to its liabilities with the cash flows and proceeds generated from its assets. If interest rates decrease, and investments held by the Group reach maturity, the Group may be required to reinvest the proceeds of these matured investments at lower yields, which could impact the Group's business, results of operations and financial position and particularly its capital position.

Inflation

A proportion of the Group's annuity payments are linked to published consumer and retail price indices and may be subject to caps and floors. In addition, the Group and its subsidiaries' expenses are likely to increase with some measure of inflation. Inflation, as measured by reference to such consumer and retail price indices, is therefore a continuing risk for the Group and its subsidiaries. Although some of the Group's liabilities are protected from inflation rises, inflation risk typically arises where the Group's assets and liabilities are mismatched. There is therefore a risk that movements in inflation rates (or future expectations in relation thereto) may result in the market value of the Group's assets being insufficient to meet the present value of its annuity obligations or the Group's SCR, which would have a material adverse impact on the Group's business, results of operations and financial position. The recent moves in inflation rates and the resulting cost of living crisis in the UK as well as other economies have primarily been for the near term. The majority of the Group's exposure is more to very long term inflation rates and hence the impact due to short term outlook shifts is minimal. In addition, a sustained fall in inflation and move to a deflationary environment may have a material adverse impact on the valuation of certain of the Group's assets and liabilities.

The Group hedges its liability, cash flows and net exposure to inflation risk by analysing the sensitivity of all investment assets and insurance liabilities to the movements in each of the underlying market instruments and constructing a portfolio of inflation rate swaps that replicate these sensitivities. Monitoring and re-hedging of the Group's inflation risk occur on a daily basis. However, the Group's IFRS and solvency balance sheets exhibit different sensitivities to inflation. There can therefore be no assurance that such hedging will be effective in protecting the Group from risks associated with its exposure to changing inflation.

Foreign exchange rates

The Group principally operates in the UK and its assets and liabilities are primarily denominated in sterling. However, a small proportion of the Group's insurance obligations and a more significant proportion of its investments are denominated in other currencies such as Euros and U.S. dollars. Foreign exchange rate fluctuations could affect the value of the Group's investment assets and cash flows. Foreign exchange rate exposure relating to the translation of reported earnings could impact on the Group's financial reporting ratios, gearing ratios and surplus capital position for regulatory reporting purposes.

The Group seeks to hedge its liability, cash flows and net exposure to changes in foreign exchange rates by entering into a portfolio of exchange rate swaps which also match the term of its exposure. The portfolio is constructed by analysing the sensitivity of all investment assets and insurance liabilities to movements in the exchange rates between sterling and each of the currencies to which the Group is exposed. Monitoring and re-hedging of the Group's exposure to changes in foreign exchange rates occur on a daily basis. However, there

can be no assurance that such hedging will be effective in protecting the Group from risks associated with the Group's foreign exchange rate exposure.

Failure by the Group appropriately to hedge its liabilities in relation to buy-in or buy-out transactions or other annuity transactions could adversely impact the Group

In circumstances where the Group quotes pricing for a buy-in or buy-out transaction and such pricing is made available for acceptance for a defined period but the Group has not entered into hedging contracts in relation to the interest rate and inflation assumptions on which such pricing quotes are based, there is a risk that the Group may not be able to enter into appropriate hedging arrangements (or would not be able to do so at a reasonable cost) following the execution of the buy-in or buy-out transaction. The Group is further exposed more generally to execution risk in respect of hedging transactions entered into after the completion of buy-in and buy-out transactions and in respect of future replacements or renewals of such hedging arrangements. Failure by the Group adequately to hedge its liabilities could have a material impact on the Group's business, results of operations and financial position.

Events leading to a negative perception of the financial services sector as a whole could adversely affect the Group's perceived creditworthiness or credit rating as well as its business, results of operations and financial position

The Group's perceived creditworthiness and credit rating is influenced by the perception and confidence of wholesale investors in relation to the UK insurance and the financial services sectors. Factors impacting this perception include the adverse performance of investment markets, actions by regulators against organisations operating in the UK financial services sector and shock events such as significant market failures, the failure of Silicon Valley Bank in March 2023 and the ensuing events concerning other financial institutions, including Credit Suisse and Signature Bank. The Group seeks wherever practicable to mitigate the effects of these risks. The financial crisis and subsequent investment performance, together with general perceptions of the robustness of insured financial institutions (for example, the perceptions of policyholders and their advisers), may also impact customer attitudes to long-term savings. Recent regulatory actions, for example, with regard to the sale of payment protection insurance and failure to uphold business interruption insurance claims arising from the impact of COVID-19, may also adversely impact perceptions of the value of insurance products and result in changes to the regulatory and legislative environment in which the Group operates, which could adversely affect the perceived creditworthiness or credit rating of the Group, as well as its business, results of operations and financial position.

Any downgrade of the Group's and the Issuer's credit ratings could increase its borrowing cost and weaken its markets position.

The Group and the Issuer are rated by Moody's Investors Service, Inc. ("Moody's") and Fitch. Any potential downgrade of the ratings provided by one or both of the rating agencies may be detrimental to the Group's business performance and prospects. Given the existing indebtedness in the Group, the Group is dependent on its ability to access the capital markets and its cost of borrowing in these markets is influenced by the credit ratings supplied by Fitch and Moody's. Any downgrading of the credit rating could increase the Group's borrowing cost and may weaken its position in the market. Changes in the methodology and criteria used by Fitch and/or Moody's could result in downgrades that do not reflect changes in general economic conditions or the financial condition of the Group. In addition, a sustained period of underperformance, operating with a high leverage position, maintaining an undercapitalised position over a prolonged period and other factors could all lead to a potential ratings downgrade. In addition, rating agencies sometimes elect to assign credit ratings to a group on an unsolicited basis. If any unsolicited ratings were to be assigned to the Group, a downgrade in, or withdrawal of, such ratings could increase the Group's borrowing cost and may weaken its position in the

market, notwithstanding that such rating actions may be taken without any discussion with the Group and on the basis of information which may be outdated or incomplete.

The Issuer does not have listed equity in issue and therefore has no ready access to the equity capital markets

The Issuer does not have equity securities listed on a regulated market, nor does any other entity within the Group. The Group therefore does not have ready access to the equity capital markets.

The Shareholders (as defined in “*Description of the Issuer and the Group*”) are under no obligation to contribute further equity to the Group or the Issuer or their subsidiaries. Without access to further equity, the Group’s ability to write large volumes of new business is constrained and therefore the future business and financial prospects of the Group may potentially suffer.

The Issuer does have debt securities listed on a regulated market but there is no guarantee that the Group or the Issuer would be able to raise further debt.

Operational and strategic risks relating to the Group’s business

The Group’s brand and reputation are of significant importance to its ability to attract clients and new business and any damage to that brand could have a material impact on the Group’s business and profitability

As the Group expands and grows its business, its brand is becoming more recognisable and its reputation as one of the leading providers in the market in which it operates is becoming widely known. The Group is one of the largest specialist annuity insurers in the UK. As a result, any damage to the Group’s brand or reputation, or a decline in policyholder, trustee, client or counterparty confidence in the Group, could have a material adverse effect on the Group’s business, results of operations and financial position.

Management considers that the management of reputational risk is critical to its business. The Group’s success and results are, to a large extent, dependent on the Group’s brand, as well as the reputation of the Group’s board of directors (the “**Board**”) and senior management team (particularly its key personnel). Integrity, client trust and policyholder trust and confidence are paramount to the Group’s brand and reputation. Any adverse publicity (whether well founded or not) associated with the Group, its board of directors or senior management, as well as its customer service or product offering, could result in a loss of business. A material operational loss that is publicised and any adverse regulatory or legal actions impairing the Group’s brand, or any adverse publicity or fines, or any credit rating downgrade, could damage the public image of the Group and its brand and negatively affect customer confidence in the Group. This may result in a loss of current business and a downturn in new business volumes and sales, which could have a material adverse effect on the Group’s business, results of operations and financial position.

The Group and its subsidiaries are reliant on their internal and external systems, processes and controls (including information technology) and any failure of such systems, processes and controls could have a material adverse effect on the Group’s business

Operational risks are inherent throughout the Group’s business. The Group and its subsidiaries are exposed to operational risks, including the risk of direct or indirect loss resulting from inadequate or failed internal and external processes and controls (including key outsourcing arrangements), systems, business disruptions, human error, negligence, fraud, external events and failure to attract, motivate and retain skilled personnel (in particular, key management personnel).

The Group’s business is dependent on processing a large number of transactions and is subject to a number of different legal and regulatory regimes. Further, because of the long-term nature of much of the Group’s business, accurate records have to be maintained for significant periods. These factors, among other things, result in

significant reliance on, and require significant investment in, information technology (“IT”), compliance and other operational systems, personnel and processes. In addition, the Group and its subsidiaries outsource several operations, including a significant part of its UK back-office and customer-facing functions as well as a number of IT functions, resulting in reliance upon the operational processing performance of its outsourcing partners.

The Group and its subsidiaries are heavily reliant on its operational systems, business resilience systems and IT capabilities to conduct its business. IT is key to a number of the functions within the Group’s business, including calculating and measuring its capital requirements, taking into account its liabilities, assessing risk exposure, producing financial and management reports, processing and retaining data relating to the liabilities which it has underwritten and maintaining accurate data and records.

Although the Group and its subsidiaries’ IT, compliance and other operational systems and processes incorporate controls designed to manage and mitigate the operational risks associated with their activities, there can be no assurance that such controls will always be effective. Although the Group and its subsidiaries have not experienced a material failure or breach in relation to its legacy and other IT systems and processes to date, they may in the future become subject to computer viruses, attempts at unauthorised access and cyber-security attacks. Any such issues may, among other things, compromise the Group’s ability to monitor its position with respect to its investments, hedging, liabilities and capital position.

The Group and its subsidiaries’ IT systems and processes, as with operational systems and processes generally, may be susceptible to failure or breaches. In the event of any damage, failure, harm to or interruption in the IT systems deployed in respect of these functions, whether as a result of human error, unauthorised usage, natural disasters or other matters outside the Group and/or its subsidiaries’ control, such events could, among other things, harm the Group and/or its subsidiaries’ ability to perform necessary business functions, result in the loss of confidential or proprietary data (exposing it to potential legal claims and regulatory sanctions) and damage its relationships with its business partners and customers. As a result, the Group’s operations may be severely disrupted, or the Group may be subject to customer or counterparty complaints or litigation, and could incur significant costs which in turn could have a material adverse effect on the Group’s profitability, results of operations and financial position. Similarly, any weakness in the Group’s administration systems or actuarial reserving processes could have an impact on its results of operations during the effective period. Neither the Group nor its subsidiaries have experienced or identified any operational risks in their systems or processes during 2020, 2021, 2022 and 2023 to date, which have subsequently caused, or are expected to cause, a significant negative impact on its results of operations. Although the Group and its subsidiaries have disaster recovery and business continuity plans in place, there is no guarantee that these plans will be sufficient in the event of a particular issue or disaster which the Group and/or its subsidiaries’ systems, processes and controls are not equipped to deal with. Any material loss or damage to the information or data stored in the Group and/or its subsidiaries’ systems could significantly impair the Group’s ability to conduct its business and may have an adverse effect on the Group’s results of operations and financial position.

The Group collects, retains and maintains policyholder and defined benefit pension scheme information and data and any failure to protect such information could have a material adverse effect on the Group

The Group is required to collect, process, retain and maintain certain information and data, including personal data. The collection, handling and retention of such data is subject to (i) the General Data Protection Regulation (“GDPR”), (ii) the GDPR as it forms part of the domestic law of the UK by virtue of the EUWA (“UK GDPR”) and (iii) the Data Protection Act 2018 (the “DPA”). For more details, see the section headed “Regulatory Overview”.

Failure by the Group or any of its third-party service providers to comply with the data protection requirements of the GDPR, the UK GDPR or the DPA could result in significant fines, censure or other action by the Information Commissioner, which could have a material impact on the Group's financial position. Any loss or unauthorised use or sharing of data held by the Group could also result in adverse publicity, which, as noted above, could affect the Group's business, results of operations and financial position.

In addition, the Group is exposed to the risk that the personal data it retains and controls could be wrongly accessed, distributed or used, whether by employees or third parties, or otherwise lost, disclosed or processed, in breach of the GDPR, the UK GDPR or the DPA. If the Group, or any of the third-party service providers on which it relies, fails to adequately process, store or protect such personal data in a secure manner, or if any theft or loss of personal data were to otherwise occur, the Group could be liable. This could result in adverse publicity for the Group, which could affect the Group's business, results of operations and financial position.

The Group relies on the contributions of key individuals for the continued success of its business, the loss of which could have an impact on the Group's operations and profitability

The Group's future success depends on the continued services and performance of certain key personnel and on its ability to attract, train, motivate and retain high-quality and highly skilled personnel. The Group and its subsidiaries substantially depend upon the continued services and performance of the senior management team and the board of directors. The Group and/or its subsidiaries have entered into employment contracts or letters of appointment with these key personnel. However, no assurance can be given that they will continue to be employed by, and provide services to, the Group or its subsidiaries. The loss of their services, whether through retirement or otherwise, could have a material adverse impact on the Group's business, results of operations and financial position.

The Group's future success also requires that it continues to have the ability to attract, motivate, train and retain a growing team of employees of suitable skill and experience in all areas of the Group's business. The Group may in future be unable to attract, motivate and retain such people. The Group's continued success and profitability depends on its ability not only to attract and retain increasing numbers of staff, but also to dedicate sufficient resources to their training and professional development.

The Group relies on various third-party service providers to which it outsources key functions and services. Any loss of, or any negative financial consequences arising in connection with, the provision of these functions or services could have a material impact on the Group's business

The Group outsources certain activities to third parties and its outsourcing partners, including, among others:

- Northern Trust for its back-office and certain operational and risk management systems and SunGard who provide business continuity services;
- JLT Employee Benefits, Capita Employee Services and Willis Towers Watson who each provide individual policyholder and group pension administration services in respect of defined liability pension obligations;

In addition, in connection with Goldman Sachs' original divestment of 64 per cent. of the Group to the Blackstone Shareholders, the GIC Shareholder and the MassMutual Shareholder in 2013, and its subsequent full divestment at the end of 2017 (see the section headed "*Description of the Issuer and the Group – History and Ownership of the Group*"), the Group has been undertaking a project to separate the Group's systems and process support from those of Goldman Sachs International. The separation project is ongoing and in the interim the Group has a long-term licence to use the Goldman Sachs system and IT architecture. As a result, Goldman Sachs International continues to provide certain systems and process support to the Group, pursuant to the terms of an arm's length transitional services agreement. The migration of the Group's systems and processes from

Goldman Sachs International presents a number of operational and performance risks to the Group should technical issues arise that prevent or significantly delay the effective transfer of these systems.

The Group and its subsidiaries are therefore reliant upon the services and operational processing performance of these third parties and other outsourcing partners, but the Group remains fully responsible for discharging all of its outsourced obligations pursuant to the regulatory system prescribed by, among other things, the requirements of the FCA's Senior Management Arrangements, Systems and Controls Sourcebook ("SYSC"), the GDPR and the DPA. The Group takes care to supervise the performance of any outsourced functions, including the Group's obligations to protect the confidential information and personal data of its policyholders. Failure by the Group to comply with its outsourcing obligations may result in a breach of the relevant rules or legislation and could give rise to criminal or civil liability and other enforcement action, as well as reputational damage.

In addition, if the services provided by such third parties or outsourcing partners were to: (i) prove to be insufficient or inadequate; (ii) be compromised by computer viruses, attempts at unauthorised access or cyber-security attacks; or (iii) result in financial losses, or if such services ceased to be provided for any reason, or issues were to arise that would prevent or significantly delay the effective transfer of the Group's systems and processes from Goldman Sachs International, this could have a material adverse effect on the Group's business, results of operations and financial position. There is also a risk that the performance by the Group of any outsourced regulatory obligations may be negatively affected following, without limitation: (i) the failure of, or a significant degradation in service received from, such third parties or outsourcing partners (for example, in relation to the provision of information to policyholders); or (ii) any compromise by computer viruses, attempts at unauthorised access or cyber-security attacks on the systems of such third parties or outsourcing partners. The Group is also susceptible to risks associated with the potential financial instability of such third parties or outsourcing partners. The Group's risk management activities and high-value functions are managed internally in order to mitigate this risk and to ensure the direct oversight of key functions and of third-party service providers.

This risk factor should not be taken as implying that the Group considers that the Issuer (i) will be unable to comply with its obligations as an authorised firm regulated by the FCA and the PRA, or (ii) will be unable to comply with its obligations as an applicant proposing to have the Notes admitted to the Official List of Euronext Dublin and to trading on the GEM.

Legal and regulatory risks relating to the Group's business (including those relating to standards of accounting and taxation)

A change of law or regulation or changes in the interpretation or operation of existing legislation, regulation or policies may adversely affect the Group's business, results of operations and financial position

The Group is subject to financial regulation in the UK and the UK regulatory framework that applies to life insurance companies. The Issuer is authorised by the PRA and regulated by the PRA and the FCA. The PRA has responsibility for the prudential regulation of insurers and the FCA has responsibility for the regulation of conduct of business.

As the regulatory approach of the PRA and FCA evolves, there may be future changes to the nature of, or policies for, prudential regulation and conduct of business supervision, which could lead to a period of uncertainty for the Group. Such change can come in the form of a change in law or regulation. For example, (i) Solvency II (which became effective on 1 January 2016 and forms part of retained EU law in the United Kingdom) increased the capital requirements on the Issuer and led to constraints on investments and (ii) the GDPR as it forms part of domestic law by virtue of the EUWA which became effective on 25 May 2018

increased the territorial scope of the existing EU data protection framework and imposes stronger sanctions on those who breach it, amongst other things.

HM Treasury announced in June 2020 that it would review certain features of the UK Solvency II regime to ensure that it is properly tailored to the UK insurance sector following the UK's withdrawal from the EU. HM Treasury subsequently published a consultation paper on UK Solvency II reform and, on 17 November 2022, a response to that consultation. In its response document, HM Treasury proposed to legislate as necessary to introduce a number of reforms, including reducing the risk margin for life and non-life insurance business, increasing the risk sensitivity of the current fundamental spread approach and broadening the matching adjustment eligibility criteria. HM Treasury has also proposed further measures which include (among other things) requiring insurers to participate in regular stress testing, requiring senior managers to attest to the sufficiency of their firm's fundamental spread, allowing firms to apply a higher fundamental spread where the standard allowance is insufficient and allowing the PRA to seek assurances on internal credit ratings and to require adjustments where appropriate. HM Treasury has not indicated the timing for the legislation required to implement such reforms. The PRA has indicated that it expects to publish an initial consultation in June 2023 on related changes to its rules, with a second consultation to follow, on those areas that will benefit from more time for industry engagement, in September 2023.

Whilst HM Treasury has therefore given an indication of the types of change that might be expected, draft legislation to implement these changes has not yet been published or passed and neither have related changes to the regulators' rules been consulted on or finalised. Nothing is therefore currently certain in relation to what changes may eventually be made to the UK regime. In the context of these developments, it is likely that UK regulatory policy will further evolve under the UK Solvency II regime. This may affect the regulatory requirements that apply to the Group, including in respect of regulatory capital, which may in turn have a material effect on the business of the Group.

No assurance can be given about the likelihood of further changes to the regulatory regime. Any such changes may have a material adverse effect on the Group (in particular, the Issuer), its strategy and profitability, and therefore on the Group's business, results of operations and financial position. The Group maintains ongoing dialogue with the relevant regulators and industry bodies in order to ensure ongoing compliance and the ability to react quickly to any unanticipated changes.

The regulation of sectors in which the Group invests may also change. For example, the Group has material exposure to loans secured on ground rents which may be adversely impacted by proposed leasehold reform. The Group also has material exposure to loans to social housing companies and equity release mortgages.

Whilst the Group believes that it can continue to service its customers situated in member states of the European Union, it is possible that arrangements change and that the Issuer's ability to operate such policies will be impaired. See also "*Geopolitical issues affecting the UK more generally may have an adverse impact on the Group*" and "*The Group's business is concentrated in the UK and is exposed to events affecting the UK*".

The Issuer is required to obtain and maintain certain permissions from the PRA and the FCA and to comply with various rules and regulations in order to conduct the Group's insurance business lawfully in the UK. For more details about the regulatory environment within which the Issuer operates, please see the section headed "*Regulatory Overview*". Failure to comply with any regulatory requirements may result in the PRA and/or the FCA taking action against the Group (in particular, the Issuer), which could include imposing fines or sanctions or limiting or revoking the necessary permissions. Such action may also result in the Group being unable to carry on its insurance business and therefore may adversely affect the Group's business, results of operations and financial position.

The Group may become subject to regimes governing the recovery, resolution or restructuring of insurance companies

The Group may become subject to regimes governing the recovery, resolution or restructuring of insurance companies and, as the scope and implications of these regimes are still evolving, it is unclear how in future this might affect the Group.

As part of the global regulatory response to the risk that systemically important financial institutions could fail, banks, and more recently insurance companies, have been the focus of new recovery and resolution planning requirements developed by regulators and policy makers nationally and internationally. Recovery and resolution reforms for banks in the UK and the EEA now provide regulators with the power, as part of wider resolution tools, to write down indebtedness or to convert that indebtedness to capital (known as “**bail-in**”), as well as other resolution powers. Similar regimes may be introduced in the UK and the EEA for insurance groups. On 22 September 2021, the European Commission published a proposal for an EU Directive establishing a framework for the recovery and resolution of insurance and reinsurance undertakings. On 20 July 2022, HM Treasury published the Financial Services and Markets Bill (the “**Bill**”). Schedule 12 to the Bill includes proposals to enhance the court’s current power to write down the value of an insurer’s contracts and the introduction of a statutory moratorium on certain contractual termination rights in both service contracts and financial contracts. The proposals make clear that HM Treasury or the PRA or an insurer, a shareholder of an insurer or a policyholder or other creditor of an insurer (in each case, excluding that of HM Treasury or the PRA itself, with PRA consent) can apply to the court for an order to direct that one or more of an insurer’s liabilities is reduced on terms specified in the order. The court would be able to make a write-down order if it is satisfied that the insurer is, or is likely to become, unable to pay its debts (within the meaning of the Insolvency Act 1986) and making the order is reasonably likely to lead to a better outcome for the insurer’s policyholders and other creditors (taken as a whole) than not making the order. A write-down order may not be made in respect of “excluded liabilities”, which would include liabilities such as short-term liabilities, liabilities to pay for goods and services, certain secured liabilities and certain liabilities to employees and pension schemes. On 8 February 2023, the PRA published CP3/23 (Dealing with insurers in financial difficulties), which outlines the PRA’s proposed approach and expectations in relation to write-down applications.

In addition, on 26 January 2023, the UK government published a consultation (the “**Consultation**”) on a resolution regime for insurers (“**IRR**”), which is separate from the proposals in the Bill. The government proposes to legislate to introduce an IRR which would be similar to the resolution regime for banks under the Banking Act 2009. The Bank of England would be the UK resolution authority for insurers. It is proposed that resolution tools could be triggered if an insurer is failing or likely to fail, if resolution is in the best interests of the public and no other alternative would achieve the same result. The Consultation proposes six resolution tools for insurers: (i) the transfer of some or all of an insurer’s business to a private sector purchaser; (ii) the transfer of an insurer’s business to a bridge institution pending a formal resolution or sale to the private sector; (iii) bail-in powers which could be applied to restructure, modify, limit or write down an insurer’s liabilities, subject to exclusions; (iv) the power to place an insurer under temporary public ownership; (v) the power to transfer assets and liabilities to a balance sheet management vehicle with a view to maximising value through sale or a wind-down and (vi) an insurer administration procedure to allow the Bank of England to exercise the proposed private sector purchaser and bridge institution stabilisation powers whilst ensuring that the insurer’s critical functions can continue to operate. The Consultation also proposes the introduction of ancillary powers including powers to suspend termination rights, impose distribution restrictions and change management, alongside enhanced resolution planning requirements such as a resolvability assessment framework and the introduction of resolution plans which would set out the Bank of England’s preferred resolution strategy for the relevant insurer.

The proposed IRR is relevant to all UK-authorized insurers and is therefore likely to be applicable to the Group. Certain elements of the IRR proposals (such as the resolvability assessment framework and the new proposals relating to resolution plans) are expected to be subject to proportionality requirements and therefore the extent to which those aspects of the IRR would apply to the Group is currently uncertain.

If the write-down power is enacted as proposed in the Bill, or if the IRR is enacted as proposed in the Consultation, and if the financial condition of the Issuer were to deteriorate, it is possible that a write-down order could be made in respect of liabilities of the Issuer or that one or more of the resolution tools could be applied in respect of the Issuer or any other member of the Group or any of their liabilities. The making of a write-down order or a resolution order, or the perception that the making of such an order may be imminent, could have a material adverse effect on the Group's reputation, business and prospects.

The Bill is at an incomplete stage in the legislative process and the timetable for enacting the proposals in the Consultation is not yet clear. It is possible that the proposed terms of the write-down power could change or the circumstances in which it could be exercised could be broadened. It is also possible that the proposals in the Consultation, if and when enacted, could be broadened to include further requirements (for example, a requirement for insurers to maintain minimum levels of eligible liabilities in addition to their existing own funds requirements), which could involve additional costs or compliance burdens for the Group.

It therefore remains unclear to what extent any write-down power or IRR could apply to the Group and, consequently, what the implications of such developments would be for the Group and its creditors, including the Noteholders.

Individual and groups of customers may refer their disputes with the Group to the Financial Ombudsman Service

Disputes relating to the sale or servicing of financial services products by the Group in the United Kingdom are subject to the FOS regime. The FOS exists to resolve disputes involving individual policyholders.

From time to time, decisions taken by the FOS (or, in certain circumstances, the Pensions Regulator) may, if extended to a particular class or grouping of policyholders, have a material adverse effect on the Group's business, results, financial condition and prospects.

The Group is required to comply with capital adequacy requirements and failure to do so could have a material adverse effect on the Group's business

The Group is required to maintain reserves of assets to match its best estimate of its liabilities under the policies written as well as a prudent risk margin. The excess of assets over technical liabilities is called "Own Funds", with specific rules about what types of asset are eligible and the proportion of Own Funds that each type of eligible asset may represent. The Group is also required to maintain sufficient Own Funds to meet its SCR under the Solvency II regime under the standard formula.

The Group is in the process of developing a full internal model to calculate the SCR. The model may lead to an increase or a decrease in the size of the total SCR, but the development is still ongoing. The implementation of the full internal model is expected to be completed in late 2023.

The Group maintains capital at target levels over and above a Group SCR, in accordance with its stated risk appetite. If the Group's excess over SCR is below these target levels, discretionary payments outside of the Group could continue to be made. However, the Board would need to consider the circumstances leading to the shortfall, the expected timeline for restoring the Group's solvency capital to the target levels, as well as implications for other key financial metrics. In terms of management's policy for maintaining coverage, there is a formal target at the Group and the Issuer level to maintain a coverage of at least 130 per cent. of the regulatory minimum SCR.

The Group is currently permitted to apply a “matching adjustment” to certain long-term liabilities that are closely matched by an assigned matching adjustment portfolio of assets of equivalent nature, term and currency (“**Matching Adjustment**”). This Matching Adjustment reduces the best estimate of the liabilities and partially mitigates the sensitivity of the balance sheet to changes in the market prices of assets held in the matching adjustment fund. The Matching Adjustment is subject to strict criteria and ongoing compliance in relation to maintenance of close matching, asset and liability characteristics and segregation of the management of the assigned matching adjustment portfolio. The Group has permission from the PRA to apply the Matching Adjustment in respect of most of its liabilities and, although the Issuer is not aware of any current matters or circumstances that might reasonably be expected to result in the withdrawal of permission to use the Matching Adjustment, this may change in the future.

The Group has also been granted use of transitional solvency relief. The benefit of the transitional provisions will be phased out over a 16 year period from 1 January 2016 and there is some uncertainty over the way in which it may be calculated in the future. While the Issuer (and therefore, the Group) is currently able to meet its SCR, changes in legislation, regulation, regulatory requirements or market conditions may result in the Issuer being unable to do so in the future. This could lead to the PRA limiting or revoking the permissions which the Issuer requires in order to carry out insurance business, which could materially impact the Group’s business, results of operations and financial position.

In relation to the liabilities that the Issuer has reinsured following the completion of the acquisition of an approximately £12 billion annuity portfolio from The Prudential Assurance Company Limited and certain defined benefit pension schemes which the Issuer has insured by way of buy-in transactions only, an adverse event which results in a significant deterioration in the Issuer’s solvency could result in the Issuer’s counterparty having the right to recapture the relevant assets and liabilities. The Issuer may in the future enter into new reinsurance or buy-in insurance policies where a defined benefit pension scheme trustee’s (or other counterparty’s) recapture right is a feature of the policy. Such recapture could have an adverse effect on the Group’s business, results of operations and financial position.

The Group is subject to the FCA’s TCF principles, which are central to the FCA’s regulatory approach

There is a clear focus in the UK on the fair treatment of customers, in particular on the way in which the insurance industry sells and administers insurance policies and other products. This aligns with the FCA’s operational objective, as established by FSMA, to secure the appropriate degree of protection for consumers. The FCA’s treating customers fairly (“**TCF**”) regime was originally implemented by its forerunner, the Financial Services Authority (“**FSA**”). It requires the Group to have due regard to the interests of its customers in the conduct of its business, with an overriding requirement to treat them fairly. This requirement exists alongside other, more specific, rules contained in the prudential regime and is increasingly being seen by the FCA and authorised insurance companies as governing all aspects of an insurance company’s dealings with its customers. The meaning of the duty has not been defined beyond the ordinary English meaning of the word “fair”, although the FCA has published examples of what in its view constitutes fair treatment in a series of case studies.

The FCA’s regulatory approach is also underpinned by a strong conduct risk agenda. In particular, the FCA has made clear that it is determined to create a culture of good conduct at every level of the financial services industry to make markets work well and to produce a fair deal for customers. The FCA therefore expects all firms to have a strong conduct risk framework in place to facilitate a culture that delivers good outcomes both for consumers and the market as a whole.

The FCA’s key aim in relation to conduct risk is to ensure that firms do the right thing for their customers while keeping them, and the integrity of the markets in which they operate, at the heart of everything that they do.

Firms should seek to promote good behaviour across all aspects of their organisation and to develop a culture in which it is clear that there is no room for misconduct.

Any determination by the FCA that the Group is failing to respect, and pay due regard to, the interests of its policyholders could lead to enforcement action against the Group, which could have a material adverse effect on the Group's reputation and therefore its business, results of operations and financial position. The Group has a Customer and Conduct Committee (chaired by a Non-Executive Director) in place to monitor such risks and ensure they are escalated to the appropriate personnel within the Group. The chief financial officer, chief operation officer, general counsel and chief compliance officer all sit on this committee.

The Group is subject to the FCA's new Consumer Duty

On 27 July 2022, the FCA issued a policy statement and finalised guidance (PS22/9) with respect to a new "Consumer Duty" on firms that provide services to retail clients, requiring firms to act to deliver good outcomes for retail customers.

The Consumer Duty also includes requirements for firms to: provide products and services that are appropriate for their customers, and focus on the real and diverse needs of their customers, including those in vulnerable circumstances, at every stage of the product lifecycle and in each interaction; provide timely, clear and easily understandable information to customers regarding products and services; provide helpful and accessible customer support; act quickly to respond to customer queries; and end unfair charges and fees. The Consumer Duty also puts requirements on firms operating in a distribution chain, to the extent those firms can determine or have a material influence on retail customer outcomes, even where those firms do not face retail customers directly. Firms will also need to monitor, evidence and report against many of the requirements. These rules and guidance will come into force on a phased basis: for new and existing products or services that are open to sale or renewal, the rules will come into force on 31 July 2023 and for closed products or services, the rules come into force on 31 July 2024.

There may be added costs associated with making necessary changes in order to ensure that the Issuer is compliant with these new rules. If the Group fails to comply with these new rules, there is a risk of an adverse impact on the Group's business due to penalties imposed by the FCA, costs and payments associated with any investigations and/or required remediation and potential reputational damage.

The Group is subject to competition and consumer protection legislation, a failure to comply with which could result in the imposition of fines or sanctions on the Group or a requirement to make significant changes to the Group's business model

The Group is required to comply with competition laws and regulations, including those relating to consumer protection (such as consumer credit), enforced by the UK Competition and Markets Authority (the "CMA"), the FCA and the European Commission. The competition laws and regulations applicable to the Group relate to matters such as price fixing, collusion and other forms of anti-competitive behaviour. The FCA is also concerned with the promotion of competition in the UK.

A determination that the Group has failed to comply with any applicable laws and/or regulations relating to matters of competition or consumer protection, or any regulatory action in respect thereof, could result in fines and losses, as well as adverse publicity for the Group. This could have a material impact on the Group's reputation as well as its business, results of operations and financial position.

The resolution of several issues affecting the financial services industry could have a negative impact on the Group's reported results or on its relations with current and potential customers

The Group and its subsidiaries are, and in the future may be, subject to legal and regulatory actions in the ordinary course of its business, both in the UK and internationally. These actions could involve a review of

types of business sold in the past under acceptable market practices at the time, changes to the applicable tax regimes, and regulatory reviews on transactions, the Group's products and industry practices. Although such actions cannot be predicted, the results of such reviews could result in adverse publicity, as well as impact the Group's business, results of operations and financial position.

Changes to tax legislation could materially impact the Group's business and/or decisions of customers

The Group is currently in the process of negotiating an advanced pricing agreement with the UK and United States tax authorities in relation to Rothesay Asset Management North America, the outcome of which is uncertain and this may affect the Group's financial position or future investment strategy. Corporate and individual tax rules, including those relating to the insurance industry, and international tax treaties are subject to change and any changes could have both a prospective and retrospective impact on the Group's business, results of operations and financial position. The introduction of new tax legislation, or amendments to existing tax rules or rates (individual or corporate) or international tax treaties, could materially impact the Group's business and the choices policyholders make with respect to the nature of their relationship with the Group and/or the Group's policies. Although the implications of any future changes in tax legislation, rules or treaties for the Group, and its subsidiaries and/or policyholders cannot be predicted, specific changes to the taxation of insurance companies could have a material adverse effect on the Group's business, results of operations and financial position. In addition, significant tax disputes with tax authorities, and any change in the tax status of any member of the Group and/or their subsidiaries, or in taxation legislation or its scope or interpretation, could affect the Group's financial position and results of operations.

Changes to the current VAT rules may result in VAT being chargeable on certain outsourcing agreements of the Group

Group companies currently do not pay significant amounts of value added tax chargeable under or pursuant to the Value Added Tax Act 1994 or the EU Directive 2006/112/EC on the common system of value added tax and any other sales, purchase or turnover tax of a similar nature, whether imposed in the United Kingdom or elsewhere ("VAT") in respect of services they receive under their outsourced services agreements for policy administration. If the amount of VAT payable were to increase then this would increase the Group's costs to the extent that the relevant agreements did not contain adequate protection against VAT being charged or increased. VAT charged on goods and services is largely irrecoverable for financial services groups such as the Group. Services supplied under the outsourced services agreements are largely exempt from VAT under the United Kingdom's insurance intermediaries' exemption. The Court of Justice of the European Union has considered the scope of the insurance intermediaries' exemption in a number of cases, most recently in March 2016, and ruled that certain types of outsourced insurance services were subject to VAT. The United Kingdom's interpretation of the insurance intermediaries' exemption is out of step with these judgments. However, the United Kingdom government has historically been supportive of a wider exemption. It remains to be seen how the impact from Brexit will affect this view. If any such changes are effected, this may lead to the conclusion that certain services under the Group's outsourced services agreements for policy administration would be treated as subject to VAT. Although certain of the outsourced services agreements have a measure of protection against such changes, since VAT is largely irrecoverable by the Group, such treatment could have a material adverse effect on the Group's business, results, financial condition and prospects.

Changes to IFRS generally or specifically for insurance companies may have an adverse impact on the Group's business

Any changes or modification of IFRS or other accounting policies may require a change in the reporting of the Group's future results or a retrospective adjustment of reported results. For example, IFRS 17, the International Financial Reporting Standard covering accounting for insurance contracts will significantly change the way in which insurance contract liabilities are presented and reported. Adoption of the standard was effective as of 1 January 2023 and the Group's future results, starting with the Group's unaudited consolidated financial

statements for the six months ended 30 June 2023, will be under the new standard. The effect of IFRS 17 is likely to be that profit arising from writing new annuity business emerges much more slowly than under the current standard. The Group's approach to hedging interest rate and inflation risk also means that the Group is effectively over-hedged on an IFRS 17 basis, meaning that the Group's IFRS 17 balance sheet is much more sensitive to interest rate movements than its previous IFRS 4 balance sheet (see also "*Risk Factors – Changes in interest rates, inflation and foreign exchange rates may adversely affect the value of the Group's assets and liabilities*" above). This in turn will have a material impact on the Group's balance sheet and future results and may also potentially impact on activity such as the payment of dividends and payment of interest on the Notes.

It is not clear how the change to insurance company reporting will be interpreted by investors, rating agencies and other stakeholders. On adoption of the standard, there will be an increase in insurance liabilities and a reduction in equity, leading to the creation of a deferred tax asset. Provided future profits are sufficient, the deferred tax asset will be released against profit over ten years.

The Group and/or its subsidiaries may be subject to litigation, legal proceedings and/or regulatory investigations in the future (including investigation and intervention by the FCA and/or the PRA), which could have a material adverse effect on its business and results of operations

Since the financial crisis, the PRA and the FCA have increased their oversight of regulated and authorised entities and have adopted a more direct style of regulation, which means that PRA-authorised entities, and PRA and/or FCA regulated firms, including the Issuer, are facing increasing supervisory scrutiny. The PRA and the FCA have the power to take a range of investigative, disciplinary and enforcement actions, penalties for which can include public censure, restitution, fines and sanctions. The PRA and the FCA may also make enquiries of the firms which they regulate and require such firms to provide particular information or documents to them. The PRA and the FCA may take such action or make such enquiries in relation to aspects of the Group or its subsidiaries' business and operations, including its systems and controls, IT systems, capital requirements, outsourcing functions and permitted investments. Regulatory action may be specific to individuals, the Group, its subsidiaries, or part of more general action in respect of firms that operate in the insurance or financial services industry. The Group maintains regular dialogue with its regulators to ensure compliance with applicable regulatory standards. The Group, via regular dialogue/meetings, operates in an open and cooperative manner with both the PRA and FCA at all times. In the normal course of its business, the Group is engaged in discussions with the PRA and FCA in relation to a range of business matters. There are currently no issues of material regulatory concern under discussion.

The Group and/or its subsidiaries, in line with all other regulated firms, may in the future be subject to legal actions, disputes and regulatory investigations in various contexts, including in the ordinary course of its insurance, investment management and other business operations. These legal actions, disputes and investigations may relate to aspects of business and operations that are specific to the Group or its subsidiaries, or that are common to companies that operate in its markets. Legal actions and disputes may arise under contracts, legislation and regulations (including tax) or from a course of conduct taken by the Group or its subsidiaries, and may be class actions. Although management considers that it has made appropriate provision for the costs of litigation and regulatory matters, without prejudice to the statement at paragraph 16 of the section "*General Information*", no assurance can be provided that such provisions are sufficient. Given the large or indeterminate amounts of damages sometimes sought by claimants or regulators, together with other sanctions that might be applicable and the inherent unpredictability of litigation and disputes, it is possible that an outcome could, from time to time, have an adverse effect on the Group's reputation, business, results of operations or financial position. However, it is not possible to predict the significance of any proceedings that may be brought against, or any investigations that may be conducted into, the Group or its subsidiaries, nor is it possible to predict with any degree of precision the financial impact of a successful claim, fine or penalty to which the Group or its subsidiaries may become subject. While management considers that its systems, controls

and operations are compliant with applicable regulations, given the growth of the Group's business since it was established, there is a risk that one or more regulators could consider that the Group or any of its subsidiaries have failed to fully comply with all relevant regulatory requirements or has not undertaken the appropriate corrective action required.

RISKS RELATING TO NOTES GENERALLY

This section describes certain risks that may apply to an investment in the Notes due to the particular features of Notes and/or markets in securities such as the Notes. The risks as they apply to Notes and Noteholders may, in the case of Bearer Notes, apply equally to Coupons and Couponholders, and the risk factors described below should be read accordingly.

Risks relating to the Structure of the Notes

The Issuer may redeem the Notes at par before maturity in certain circumstances, and an investor may not be able to reinvest the redemption proceeds at as effective a rate of return as that in respect of the Notes

A Series of Notes may, subject as provided in Condition 6 of the relevant Terms and Conditions, be redeemed before the Maturity Date (if any):

- (A) if "Issuer Call Option" is specified as applicable in the relevant Pricing Supplement, at the option of the Issuer (in whole or in part) on any Optional Redemption Date and at the Optional Redemption Amount (in each case as specified in the relevant Pricing Supplement), together with any Arrears of Interest and any other accrued and unpaid interest to (but excluding) the date fixed for redemption;
- (B) if "Issuer Clean-up Call" is specified as applicable in the relevant Pricing Supplement, at the option of the Issuer (in whole but not in part) at the Clean-up Redemption Price (which, unless otherwise specified in the relevant Pricing Supplement, shall be their principal amount), together with any Arrears of Interest and any other accrued and unpaid interest to (but excluding) the date of redemption, if, at any time after the issue date of the first Tranche of such Series of Notes, 80 per cent. or more of the aggregate principal amount of such Series of Notes originally issued (and, for these purposes, any Further Notes will be deemed to have been originally issued) has been purchased by the Issuer or any of its Subsidiaries and cancelled; and/or
- (C) at their Special Redemption Price (which, unless otherwise specified in the relevant Pricing Supplement, shall be their principal amount), together with any Arrears of Interest and any other accrued but unpaid interest to (but excluding) the date of redemption, (i) at any time following the occurrence of (or if there will occur within the forthcoming period of six months) a Capital Disqualification Event or (if "Ratings Methodology Call" is specified as applicable to a Series of Notes in the relevant Pricing Supplement) a Ratings Methodology Event, or (iii) at any time following the occurrence of a Tax Event.

The Issuer shall only be entitled to redeem Notes upon the occurrence of a Tax Event or a Capital Disqualification Event prior to the fifth anniversary of the Specified Date (as defined in the relevant Terms and Conditions) if (amongst other conditions) the applicable change in tax treatment or, as the case may be, regulatory classification was not reasonably foreseeable as at the Specified Date.

The circumstances in which a Tax Event, Capital Disqualification Event and/or Ratings Methodology Event may occur are outside the control of the Issuer and the Group. It may not be possible for investors in the Notes to predict whether and when any such event may occur. Furthermore, the Solvency II regime applicable to the Issuer and the Group in the United Kingdom continues to evolve and to diverge from the Solvency II regime applicable in the European Union. There can be no assurance that any such changes or developments in

applicable law and regulation, or the official interpretation or application thereof, will not result in a Capital Disqualification Event in respect of any Notes.

The right of the Issuer to redeem the Notes in certain circumstances may limit the market value of the relevant Series of Notes. During any period when the Issuer may elect to redeem the Notes, or in the case of an actual or perceived increased likelihood that the Issuer may so elect, the market value of the Notes generally will not rise above the price at which they can be redeemed. This may also be the case prior to any such period.

The cash paid to investors upon such a redemption may be less than the then current market value of the Notes or the price at which investors purchased the Notes. Subject to the contractual and regulatory restrictions on doing so set out in the Conditions, the Issuer might be expected to redeem the Notes when its cost of borrowing for an instrument with a comparable regulatory capital treatment at the time is lower than the interest payable on them. At those times, an investor generally would not be able to reinvest the redemption proceeds at an effective interest rate as high as the interest payable on the Notes being redeemed and may only be able to do so at a significantly lower rate. Potential investors should consider reinvestment risk in the light of other investments available at that time.

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

If, with respect to a Series of Notes, a Tax Event, a Capital Disqualification Event or a Ratings Methodology Event occurs and is continuing, or if a Capital Disqualification Event or a Ratings Methodology Event will occur within a period of six months, the Issuer may, without any requirement for the consent or approval of the Noteholders or Couponholders, at any time either substitute all (but not some only) of the Notes of such Series for, or vary the terms of the Notes of such Series so that they remain or, as appropriate, become, (in the case of a Tax Event or a Capital Disqualification Event) Qualifying Tier 2 Securities (in the case of Notes originally issued as Tier 2 Capital) or Qualifying Tier 3 Securities (in the case of Notes originally issued as Tier 3 Capital) or (in the case of a Ratings Methodology Event), Rating Agency Compliant Securities, as the case may be, in each case as defined in the relevant Terms and Conditions.

While Qualifying Tier 2 Securities, Qualifying Tier 3 Securities and Rating Agency Compliant Securities must, among other things, have terms not materially less favourable to an investor than the terms of the relevant Series of Notes, as reasonably determined by the Issuer in consultation with an investment bank, financial institution or independent adviser of recognised standing (which, in either case, is independent of the Issuer), there can be no assurance that, due to the particular circumstances of a holder of Notes, such Qualifying Tier 2 Securities, Qualifying Tier 3 Securities or Rating Agency Compliant Securities (as applicable) will be as favourable to a particular investor in the Notes in all respects or that, if it were entitled to do so, a particular investor would make the same determination as the Issuer as to whether the terms of the relevant Qualifying Tier 2 Securities, Qualifying Tier 3 Securities or Rating Agency Compliant Securities (as applicable) are not materially less favourable to holders than the terms of the Notes.

No limitation on the Issuer issuing further securities

There is no contractual restriction on the Issuer creating liabilities ranking equally with or senior to any Series of Notes and no restriction on the amount of securities which the Issuer may issue or guarantee (as applicable), which securities or guarantees rank *pari passu* with any Series of Notes. The issue, guarantee or granting of security in relation to any other liabilities may reduce the amount recoverable by Noteholders on a winding-up of the Issuer. In a winding-up of the Issuer and after payment of the claims of their respective more senior ranking creditors, there may not be a sufficient amount to satisfy the amounts owing to the Noteholders under the relevant Series of Notes.

Change of law

The Terms and Conditions of the Notes are based on English law and regulation in effect as at the date of issue of the Notes. No assurance can be given as to the impact of any possible judicial decision or change to English law, regulation or administrative practice after the date of issue of the Notes.

Legal investment considerations may restrict certain investments

The investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent (1) the Notes are legal investments for it, (2) the Notes can be used as collateral for various types of borrowing and (3) other restrictions apply to its purchase or pledge of the Notes. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of the Notes under any applicable risk-based capital or similar rules.

Modification, waivers and substitution

The Terms and Conditions of the Notes and the Trust Deed contain provisions for calling meetings of Noteholders (including by way of conference call or videoconference) to consider matters affecting their interests generally. The Trust Deed also provides that a resolution passed in writing or by way of electronic consents through the relevant clearing system(s) by or on behalf of holder(s) of not less than 75 per cent. in nominal amount of the relevant Series of Notes for the time being outstanding who (in either case) would have been entitled to vote upon such resolution if it had been proposed at a meeting at which they were present, shall, in each case, be effective as an Extraordinary Resolution of the Noteholders.

These provisions permit defined majorities to bind all Noteholders of the relevant Series, including Noteholders who do not attend and vote at the relevant meeting (and Noteholders who vote in a manner contrary to the majority) or, as the case may be, did not sign the written resolution or provide their electronic consents.

The Terms and Conditions of the Notes also provide that the Trustee may (subject to prior supervisory approval being obtained from the UK Regulator, to the extent that such approval is required), without the consent of Noteholders, agree to (i) any modification of the provisions of the Notes that is in the opinion of the Trustee of a formal, minor or technical nature or is made to correct a manifest error or to comply with mandatory provisions of law; (ii) any other modification (except as mentioned in the Trust Deed), and any waiver or authorisation of any breach or proposed breach of, any of the provisions of Notes that is, in the opinion of the Trustee, not materially prejudicial to the interests of the Noteholders; or (iii) the substitution of a successor in business of the Issuer as a new principal debtor under any Notes in place of the Issuer in each case in the circumstances described in the Terms and Conditions of the Notes. In the event of any such substitution, the Trustee shall be entitled to agree to amendments of the terms of the Notes and the Trust Deed without the consent of the Noteholders.

The terms of the Notes contain very limited covenants

There is no negative pledge in respect of the Notes. The Issuer is generally permitted to sell or otherwise dispose of any or substantially all of its assets to another corporation or other entity under the terms of the Notes. If the Issuer decides to dispose of a large amount of its assets, investors in the Notes will not be entitled to declare an acceleration of the maturity of the Notes, and those assets will no longer be available to support the Notes.

In addition, the Notes do not require the Issuer to comply with financial ratios or otherwise limit its ability or that of its subsidiaries to incur additional debt, nor do they limit the Issuer's ability to use cash to make investments or acquisitions, or the ability of the Issuer or its subsidiaries to pay dividends, repurchase shares or otherwise distribute cash to shareholders. Such actions could potentially affect the Issuer's ability to service its debt obligations, including those of the Notes.

Notes where denominations involve integral multiples

In relation to any issue of Notes which have denominations consisting of a minimum Specified Denomination plus one or more higher integral multiples of another similar amount, it is possible that the Notes may be traded in amounts in excess of the minimum Specified Denominations that are not integral multiples of such minimum Specified Denominations (as defined in the applicable Pricing Supplement). In such a case a Noteholder, who as a result of trading such amounts, holds a principal amount of less than the minimum Specified Denomination in its account with the relevant clearing system at the relevant time would not be able to sell the remainder of such holding without first purchasing a principal amount of Notes at or in excess of the minimum Specified Denomination such that its holding amounts to a Specified Denomination. Further, a holder who, as a result of trading such amounts, holds an amount which is less than the minimum Specified Denomination in his account with the relevant clearing system at the relevant time may not receive a definitive Note in respect of such holding (should definitive Notes be printed) and would need to purchase a principal amount of Notes such that it holds an amount equal to one or more Specified Denominations.

If definitive Notes are issued, holders should be aware that definitive Notes which have a denomination that is not an integral multiple of the minimum Specified Denomination may be illiquid and difficult to trade.

The Issuer may not be liable to pay certain taxes

All payments by or on behalf of the Issuer in respect of the Notes shall be made free and clear of, and without withholding or deduction for or on account of, any taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by the Relevant Jurisdiction (as defined in the Terms and Conditions for the relevant Series), unless the withholding or deduction is required by law. In that event, in respect of payments of interest (including Arrears of Interest) (but not principal or any other amount), the Issuer will (subject to certain customary exceptions) pay such additional amounts as may be necessary in order that the net amounts received by the Noteholders in respect of payments of interest after the withholding or deduction shall equal the amounts which would have been receivable in respect of interest on the Notes in the absence of such withholding or deduction, subject to certain customary exceptions set out in the relevant Terms and Conditions.

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

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

The Issuer's obligations under the Notes are unsecured and subordinated. On a winding-up of the Issuer, investors in the Notes may lose their entire investment in the Notes

The Tier 3 Notes will constitute direct, unsecured and subordinated obligations of the Issuer and will rank *pari passu* and without any preference among themselves. The claims of holders of Tier 3 Notes will rank in priority to all obligations of the Issuer which constitute, or would but for any applicable limitation on the amount of such capital constitute, Tier 2 Capital (including the claims of holders of Tier 2 Notes) and Tier 1 Capital, and will rank junior to the claims of Senior Creditors (as defined in the Terms and Conditions of the Tier 3 Notes) of the Issuer in a winding-up or administration of the Issuer (other than an Approved Winding-Up) and otherwise as set out in "*Terms and Conditions of the Tier 3 Notes*".

The Tier 2 Notes will constitute direct, unsecured and subordinated obligations of the Issuer and will rank *pari passu* and without any preference among themselves. The claims of holders of Tier 2 Notes will rank in priority to all obligations of the Issuer which constitute, or would but for any applicable limitation on the amount of such capital constitute, Tier 1 Capital and will rank junior to the claims of Senior Creditors (as defined in the Terms and Conditions of the Tier 2 Notes) of the Issuer (including holders of Tier 3 Notes) in a winding-up or administration of the Issuer (other than an Approved Winding-Up) and otherwise as set out in and “*Terms and Conditions of the Tier 2 Notes*”.

Accordingly, in a winding-up or administration of the Issuer (other than an Approved Winding-Up), the assets of the Issuer would be applied first in satisfying all senior-ranking claims in full, and payments would be made to holders of the relevant Notes, pro rata and proportionately with payments made to holders of any other *pari passu obligations* (if any), only if and to the extent that there are any assets remaining after satisfaction in full of all such senior-ranking claims. If the Issuer’s assets are insufficient to meet all its obligations to senior-ranking creditors and to holders of obligations ranking *pari passu* with the relevant Notes, the holders of the relevant Notes will lose all or some of their investment in the Notes.

If the Issuer’s financial position deteriorates such that there is an increased risk that the Issuer may be wound up or enter into administration, such circumstances can be expected to have a material adverse effect on the market price of the Notes. Investors in the Notes may find it difficult to sell their Notes in such circumstances, or may only be able to sell their Notes at a price that may be significantly lower than the price at which they purchased their Notes. In such a sale, investors may lose some or substantially all of their investment in the Notes, whether or not the Issuer is wound up or enters into administration.

While the Notes may pay a higher rate of interest than comparable notes which are not subordinated, there is a significant risk that an investor in the Notes will lose all or some of its investment should the Issuer become insolvent, or should its financial condition deteriorate materially whether or not it ultimately becomes insolvent.

Restricted remedy for non-payment when due under the Notes

If default is made by the Issuer for a period of 14 days or more in the payment of any amount due under the Notes, the sole remedy against the Issuer available to the Trustee or (where the Trustee has failed to proceed against the Issuer as provided in the Conditions) any Noteholder for recovery of amounts which have become due in respect of the Notes will be the institution of proceedings for the winding-up of the Issuer and/or proving in any winding-up or in any administration of the Issuer and/or claiming in the liquidation of the Issuer.

Non-payment by the Issuer of any amounts when due will not, of itself, render the Notes immediately due and payable at their principal amount, and no amounts shall be or become payable by the Issuer under the Notes earlier than would otherwise be the case except in a winding-up or administration of the Issuer. Further, the claims of a Noteholder proving in any winding-up or in any administration of the Issuer and/or claiming in the liquidation of the Issuer (including claims in respect of damages awarded for breach by the Issuer of any of its obligations under the Notes) will be subordinated as provided above, and the Noteholders may not be able to recover all amounts due under the Notes. Accordingly, there is a significant risk that an investor in the Notes will lose all or some of its investment should the Issuer fail to pay any such amounts when due.

Interest payments under the Notes may, or under certain circumstances must, be deferred

If “Optional Interest Payment Date” is specified as being applicable in the relevant Pricing Supplement, the Issuer may elect to defer paying interest on any (or each) Optional Interest Payment Date for the relevant Series of Notes. The Issuer shall be entitled to exercise any such optional interest deferral right at its sole and absolute discretion, and accordingly may elect to defer payments of interest (including Arrears of Interest) on any relevant Series of Notes for any (or no) reason.

In addition, all payments (including payments of interest and principal) by the Issuer under or arising from any Series of Notes are conditional upon the Solvency Condition being satisfied at the time of such payment and immediately thereafter. The Solvency Condition provides that, other than in circumstances where a winding-up of the Issuer has occurred or is occurring, all payments under or arising from the Notes, the Coupons or the Trust Deed (other than payments made to the Trustee for its own account under the Trust Deed) are conditional upon the Issuer being solvent (as that term is described in Condition 3(b) of the relevant Terms and Conditions) at the time for payment by the Issuer and still being solvent immediately thereafter. Other than in circumstances where a winding-up of the Issuer has occurred or is occurring, no amount will be payable under or arising from the Notes, the Coupons or the Trust Deed unless and until such time as the Issuer could make such payment and still be solvent immediately thereafter (the “**Solvency Condition**”).

Further, the Issuer is required to defer any payment of interest on any Series of Notes pursuant to Condition 5(b) of the relevant Terms and Conditions on each Mandatory Interest Deferral Date (being an 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). The definition of Regulatory Deficiency Interest Deferral Event includes not only circumstances relating to the Issuer but also circumstances where an insurance undertaking or reinsurance undertaking within the Insurance Group (as defined in the Conditions) is in an insolvent winding-up or administration in circumstances where the claims of policyholders will or may not be met in full, or where all or part of the Insurance Group or any insurance undertaking or reinsurance undertaking within the Insurance Group is in breach of certain capital requirements, where the continuation of such circumstance means that, under the Relevant Rules, the Issuer must defer payment of interest (or, if applicable, Arrears of Interest) in respect of the Notes (in order that the Notes qualify, and/or on the basis that the Notes are intended to qualify, as Tier 2 Capital or Tier 3 Capital, as the case may be, of the Issuer and/or the Insurance Group).

The deferral of interest as described above will not constitute a default by the Issuer and will not give Noteholders or the Trustee any right to accelerate repayment of the relevant Series of Notes or take any enforcement action under such Notes or the Trust Deed for any purpose. Any interest so deferred shall, for so long as the same remains unpaid, constitute Arrears of Interest. Arrears of Interest will not themselves bear interest. Arrears of Interest may, subject to certain conditions, be paid by the Issuer at any time upon notice to Noteholders, but in any event shall be payable, subject to the Solvency Condition and (to the extent then required by the UK Regulator or the Relevant Rules) any notifications to, or consent or the provision of non-objection from, the UK Regulator), on the earliest to occur of (a) the next Interest Payment Date which is not a Mandatory Interest Deferral Date (as evidenced by delivery of the certificate referred to in Condition 5(b) of the relevant Terms and Conditions) and on which a scheduled payment of interest in respect of the Notes (or any part thereof) is made or is required to be made pursuant to these Conditions (other than a voluntary payment of Arrears of Interest), (b) the date on which an order is made or a resolution is passed for the winding-up of the Issuer (other than an Approved Winding-up) or the date on which an administrator of the Issuer gives notice that it intends to declare and distribute a dividend, or (c) the date fixed for any redemption or purchase of Notes by the Issuer pursuant to Condition 6 (subject to any deferral of such redemption date pursuant to the Solvency Condition or Condition 6(b)) or Condition 10 of the relevant Terms and Conditions.

The circumstances in which a Regulatory Deficiency Interest Deferral Event may occur are dependent on the Relevant Rules, which may be subject to amendment from time to time. If the Relevant Rules, or the official interpretation of them, change after the issue date of any Notes to require deferral of interest payments in additional or alternative circumstances to those requiring deferral at such issue date, interest payments on the Notes will nevertheless thereafter be subject to mandatory deferral in those additional and/or alternative circumstances.

Any actual or anticipated deferral of interest payments will likely have an adverse effect on the market price of the Notes. Investors in the Notes may find it difficult to sell their Notes in such circumstances, or may only be able to sell their Notes at a price that may be significantly lower than the price at which they purchased their Notes. In such a sale, investors may lose some or substantially all of their investment in the Notes. In addition, as a result of the interest deferral provision of the Notes, the market price of such Notes may be more volatile than the market prices of other debt securities that are not subject to such deferral of interest and may be more sensitive generally to adverse changes in the financial condition of the Issuer.

See also the risk factor entitled “*The Group is subject to evolving regimes governing the recovery, resolution or restructuring of insurance companies*” above.

Redemption payments under the Notes must, under certain circumstances, be deferred

The Issuer must defer redemption of any Series of Notes on the Maturity Date (if applicable) or on any other date set for redemption of such Notes pursuant to Condition 6 of the relevant Terms and Conditions in the event that: (i) it cannot make the redemption payments in compliance with the Solvency Condition; (ii) a Regulatory Deficiency Redemption Deferral Event has occurred and is continuing or would occur if the Notes were redeemed by the Issuer on such date; or (iii) the UK Regulator does not consent to the redemption (to the extent that consent is then required by the UK Regulator or the Relevant Rules) or the UK Regulator objects to the redemption or such redemption otherwise cannot be effected in compliance with the Relevant Rules on such date.

The definition of Regulatory Deficiency Redemption Deferral Event includes not only circumstances relating to the Issuer but also circumstances where an insurance undertaking or reinsurance undertaking within the Insurance Group is in an insolvent winding-up or administration in circumstances where the claims of policyholders will or may not be met in full, or where all or part of the Insurance Group or any insurance undertaking or reinsurance undertaking within the Insurance Group is in breach of certain capital requirements, where the continuation of such circumstance means that, under the Relevant Rules, the Issuer must defer payment of principal in respect of the Notes (in order that the Notes qualify, and/or on the basis that the Notes are intended to qualify, as Tier 2 Capital or Tier 3 Capital, as the case may be, of the Issuer and/or the Insurance Group).

The deferral of redemption of the Notes as described above will not constitute a default by the Issuer 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 for any purpose. Where redemption of the Notes is deferred, subject to certain conditions (including satisfaction of the Solvency Condition), the Notes will be redeemed by the Issuer on the earliest of (a) the date falling 10 Business Days following cessation of the Regulatory Deficiency Redemption Deferral Event or (b) the date falling 10 Business Days after the UK Regulator has approved the repayment or redemption of the Notes (where such approval is required under the Relevant Rules) or (c) the date on which an order is made or a resolution is passed for the winding-up of the Issuer (other than an Approved Winding-up) or the date on which an administrator of the Issuer gives notice that it intends to declare and distribute a dividend.

The circumstances in which a Regulatory Deficiency Redemption Deferral Event may occur are dependent on the Relevant Rules, which may be subject to amendment from time to time. If the Relevant Rules, or the official interpretation of them, change after the issue date of any Notes to require deferral of redemption of the Notes in additional or alternative circumstances to those requiring deferral at such issue date, redemption of the Notes will nevertheless thereafter be subject to mandatory deferral in those additional and/or alternative circumstances.

Any actual or anticipated deferral of redemption of the Notes will likely have an adverse effect on the market price of the Notes. Investors in the Notes may find it difficult to sell their Notes in such circumstances, or may

only be able to sell their Notes at a price that may be significantly lower than the price at which they purchased their Notes. In such a sale, investors may lose some or substantially all of their investment in the Notes. In addition, as a result of the redemption deferral provision of the Notes, including with respect to deferring redemption on the scheduled Maturity Date, the market price of the Notes may be more volatile than the market prices of other debt securities without such deferral feature, including dated securities where redemption on the scheduled maturity date cannot be deferred. Accordingly, the Notes may be more sensitive generally to adverse changes in the financial condition of the Issuer.

See also the risk factor entitled “*The Group is subject to evolving regimes governing the recovery, resolution or restructuring of insurance companies*” above.

The Issuer’s interests may not be aligned with those of investors in the Notes

The Issuer’s satisfaction of the Solvency Condition and the compliance by the Issuer and other members of the Insurance Group with their capital requirements will depend in part on decisions made by the Issuer and other entities in the Insurance Group relating to their businesses and operations.

The Issuer and other entities in the Insurance Group will have an obligation to consider the interests of all their stakeholders in connection with their strategic decisions, including in respect of capital management and the relationship among the various entities in the Insurance Group, and the Issuer and the Insurance Group are not required to prioritise the interests of the Noteholders. The interests of other stakeholders may be contrary to the interests of Noteholders, and there can be no assurance that the Issuer and the Insurance Group will not determine that the interests of other stakeholders should be prioritised over the interests of Noteholders in certain circumstances. For example, the Issuer may decide not to raise capital at a time when it is feasible to do so, even if that would result in, or increase the likelihood of, mandatory deferral of payments of interest or principal with respect to the Notes. Moreover, in order to avoid the use of public resources, the PRA may decide that the Issuer should defer an interest payment, in circumstances where it is entitled to do so, at a time when it is feasible to avoid this. Noteholders will not have any claim against the Issuer or any other entity of the Insurance Group relating to decisions that affect the capital position of the Insurance Group, regardless of whether they result in deferral of payments of interest or principal with respect to any Notes. Such decisions could cause Noteholders to lose some or the full amount of their investment in the Notes.

RISKS RELATING TO THE MARKET GENERALLY

Set out below is a brief description of certain market risks, including liquidity risk, interest rate risk, exchange rate risk and credit risk:

The secondary market generally

The Notes of each Series may have no established trading market when issued, and one may never develop. If a market does develop, it may not be liquid. If a Series of Notes is issued to a single investor or a limited number of investors, this may result in an even more illiquid or volatile market in such Notes. Therefore, investors may not be able to sell their Notes easily or at prices that will provide them with a yield comparable with similar investments that have a developed secondary market. Illiquidity may have a severely adverse effect on the market value of Notes. Publicly traded securities from time to time experience significant price and volume fluctuations that may be unrelated to the operating performance of the companies that have issued them, and such volatility may be increased in an illiquid market including in circumstances where a significant proportion of the Notes are held by a limited number of initial investors.

If the Issuer’s financial condition deteriorates such that there is an increased risk that the Issuer may be wound up or enter into administration, or if at any time there is any actual or anticipated deferral of interest or redemption in accordance with the relevant Terms and Conditions, such circumstances can be expected to have

a material adverse effect on the market price of the Notes, and could increase volatility and/or reduce liquidity in the market (if any) for the Notes. Investors in the Notes may find it difficult to sell their Notes in such circumstances, or may only be able to sell their Notes at a price which may be significantly lower than the price at which they purchased their Notes. In such a sale, investors may lose some or substantially all of their investment in the Notes.

If any market in the Notes does develop, it may become severely restricted, or may disappear, if the financial condition and/or the solvency position of the Issuer deteriorates such that there is an actual or perceived increased likelihood of the Issuer being unable to pay interest on the Notes or redeem the Notes.

Interest rate risk

Investment in Notes involves the risk that changes in market interest rates after the issue date may adversely affect the value of the Notes.

In particular, a holder of a security with a fixed interest rate is exposed to the risk that the price of such security falls as a result of changes in the current interest rate on the capital market (the “**Market Interest Rate**”). Potential movements in the Market Interest Rate over the life of the Notes are difficult to predict. While the nominal rate of a security with a fixed interest rate is fixed for a specified period, the Market Interest Rate typically changes on a daily basis. As the Market Interest Rate changes, the price of such security is likely to change in the opposite direction. If the Market Interest Rate increases, the price of such security typically falls, until the yield of such security is approximately equal to the Market Interest Rate. If the Market Interest Rate falls, the price of a security with a fixed compensation rate typically increases, until the yield of such security is approximately equal to the Market Interest Rate. Investors should be aware that movements of the Market Interest Rate can adversely affect the price of the Notes and can lead to losses for the Noteholders if they sell the Notes.

If specified in the relevant Pricing Supplement, on the First Reset Note Reset Date and each Reset Note Reset Date thereafter, the rate of interest on the relevant Series of Notes will be reset by reference to the then prevailing Benchmark Gilt Rate, CMT Rate or Mid-Swap Rate (as applicable), and for a period equal to the Reset Period, as adjusted for any applicable margin. The reset of the rate of interest in accordance with such provisions may affect the secondary market and the market value of such Notes and, following any such reset of the rate of interest, the First Reset Rate of Interest or the Subsequent Reset Rate of Interest on the relevant Notes may be lower than the Initial Rate of Interest, the First Reset Rate of Interest and/or the previous Subsequent Reset Rate of Interest, thereby reducing the amount of interest payable to Noteholders and potentially leading to losses for the Noteholders if they sell the Notes as a result of a reduction in the secondary market bid prices for such Notes.

Floating Rate Notes and Fixed Rate Reset Notes

Reference rates and indices, including interest rate benchmarks such as EURIBOR (as defined below), which are deemed to be “benchmarks” and which may be used to determine the amounts payable under financial instruments or the value of such financial instruments have, in recent years, been the subject of political and regulatory scrutiny as to how they are created and operated. Some of these reforms are already effective whilst others are still to be implemented. These reforms may cause such benchmarks to perform differently than in the past or to disappear entirely, or have other consequences which cannot be predicted. Any such consequence could have a material adverse effect on any Notes linked to or referencing such a benchmark.

Any of the international or national reforms, or the general increased regulatory scrutiny of benchmarks, could increase the costs and risks of administering or otherwise participating in the setting of a benchmark and complying with any such regulations or requirements.

Euro interbank offered rate

It is not possible to predict with certainty whether, and to what extent, the euro interbank offered rate (“**EURIBOR**”) will continue to be supported going forwards. This may cause EURIBOR to perform differently than it has done in the past, and may have other consequences which cannot be predicted. The potential elimination of EURIBOR or any other benchmark, or changes in the manner of administration of any benchmark, could require an adjustment to the Terms and Conditions of the Notes, or result in other consequences, in each case in respect of any Notes referencing such benchmark. Such factors may have (without limitation) the following effects on certain benchmarks: (i) discouraging market participants from continuing to administer or contribute to a benchmark; (ii) triggering changes in the rules or methodologies used in the benchmark and/or (iii) leading to the disappearance of the benchmark. Any of the above changes or any other consequential changes as a result of international or national reforms or other initiatives or investigations, could have a material adverse effect on the value of and return on any Notes linked to, referencing, or otherwise dependent (in whole or in part) upon, a benchmark.

The Terms and Conditions of the Notes provide for certain fallback arrangements if a published benchmark, including an inter-bank offered rate such as EURIBOR or other Original Reference Rate (as defined in the Terms and Conditions of the Notes), becomes unavailable. See Condition 4(1) of the relevant Terms and Conditions of the Notes.

The use of a Successor Rate or Alternative Rate to determine the Rate of Interest will result in Notes linked to or referencing the Original Reference Rate performing differently (which may include payment of a lower Rate of Interest) than they would do if the Original Reference Rate were to continue to apply in its current form. Furthermore, if a Successor Rate or Alternative Rate for the Original Reference Rate is determined by the Issuer, following consultation with the Independent Adviser, the Terms and Conditions of the Notes provide that the Issuer may vary the Terms and Conditions of the Notes, as necessary to ensure the proper operation of such Successor Rate or Alternative Rate, without any requirement for consent or approval of the Noteholders.

If a Successor Rate or Alternative Rate is determined by the Issuer, with the advice of an Independent Adviser, the Terms and Conditions of the Notes also provide that an Adjustment Spread (as defined in the Terms and Conditions of the Notes) will be determined by the Issuer, following consultation with the Independent Adviser, and applied to such Successor Rate or Alternative Rate. The Adjustment Spread may be intended or designed to reduce or eliminate any economic prejudice or benefit (as the case may be) to Noteholders and Couponholders as a result of the replacement of the Original Reference Rate with the Successor Rate or the Alternative Rate. However, such Adjustment Spread may not be effective to reduce or eliminate economic prejudice to Noteholders and Couponholders. The use of any Successor Rate or Alternative Rate (including with the application of an Adjustment Spread) will still result in Notes linked to or referencing the Original Reference Rate performing differently (which may include payment of a lower Rate of Interest) than they would if the Original Reference Rate were to continue to apply in its current form.

The Issuer may be unable to appoint an Independent Adviser or the Issuer, with the advice of the Independent Adviser, may not be able to determine a Successor Rate or Alternative Rate in accordance with the Terms and Conditions of the Notes.

Where the Issuer is unable to appoint an Independent Adviser in a timely manner, or the Issuer is unable to determine a Successor Rate or Alternative Rate before the next Interest Determination Date or Reset Determination Date, as the case may be (each as defined in the applicable Terms and Conditions of the Notes), the Rate of Interest for the next succeeding Interest Period or Interest Accrual Period will be the Rate of Interest applicable as at the last preceding Interest Determination Date before the occurrence of the Benchmark Event, or, where the Benchmark Event occurs before the first Interest Determination Date, the Rate of Interest will be the Initial Rate of Interest. Applying the Initial Rate of Interest, or the Rate of Interest applicable as at the last

preceding Interest Determination Date before the occurrence of the Benchmark Event, will result in Notes linked to or referencing the relevant benchmark performing differently (which may include payment of a lower Rate of Interest) than they would do if the relevant benchmark were to continue to apply, or if a Successor Rate or Alternative Rate could be determined.

Where the Issuer has been unable to appoint an Independent Adviser, or the Issuer has failed to determine a Successor Rate or Alternative Rate in respect of any given Interest Period, or Interest Accrual Period, the Issuer will continue to attempt to appoint an Independent Adviser in a timely manner before the next succeeding Interest Determination Date to advise the Issuer in determining a Successor Rate or Alternative Rate to apply the next succeeding and any subsequent Interest Periods, as necessary.

If the Issuer is unable to appoint an Independent Adviser, or the Issuer fails to determine a Successor Rate or Alternative Rate for the life of the relevant Notes, the Initial Rate of Interest, or the Rate of Interest applicable as at the last preceding Interest Determination Date before the occurrence of the Benchmark Event, will continue to apply to maturity. Further, no Successor Rate or Alternative Rate will be adopted, nor will the applicable Adjustment Spread be applied, nor will any Benchmark Amendments be made, if and to the extent that, in the determination of the Issuer, the same could reasonably be expected to prejudice the qualification of the Notes as Tier 2 or Tier 3 Capital, as the case may be. This may result in the Floating Rate Notes or Fixed Rate Reset Notes, in effect, becoming fixed rate Notes.

Due to the uncertainty concerning the availability of a Successor Rate or Alternative Rate, the involvement of an Independent Adviser, the potential for further regulatory developments and the fact that the provisions of the relevant Benchmark Discontinuation conditions will not be applied if and to the extent that, in the determination of the Issuer, the same could reasonably be expected to prejudice the qualification of the Notes as Tier 2 or Tier 3 Capital, as the case may be, there is a risk that the relevant fallback provisions may not operate as intended at the relevant time.

Exchange rate risks and exchange controls

The Issuer will pay principal and interest on the Notes in the Specified Currency. This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit (the "**Investor's Currency**") other than the Specified Currency. These include the risk that exchange rates may significantly change (including changes due to devaluation of the Specified Currency or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to the Specified Currency would decrease (1) the Investor's Currency equivalent yield on the Notes, (2) the Investor's Currency equivalent value of the principal payable on the Notes and (3) the Investor's Currency equivalent market value of the Notes.

Effect of credit rating reduction

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

Credit rating may not reflect all risks

Any credit rating assigned by a credit rating agency to a Series of Notes may not reflect the potential impact of all risks relating to structure, market, additional factors discussed in this section and other factors that may affect the value of the Notes. A credit rating is not a recommendation to buy, sell or hold securities and may be revised or withdrawn at any time.

Rating agencies could seek to rate the Notes and if such unsolicited ratings are lower than the comparable solicited ratings assigned to the Notes, those unsolicited ratings could have an adverse effect on the market value of the Notes.

In general, European regulated investors are restricted under Regulation 1060/2009/EC, as amended (the “**CRA Regulation**”) from using credit ratings for regulatory purposes in the EEA, unless such ratings are issued by a credit rating agency established in the EEA and registered under the CRA Regulation (and such registration has not been withdrawn or suspended, subject to transitional provisions that apply in certain circumstances whilst the registration application is pending). Such general restriction will also apply in the case of credit ratings issued by third country non-EEA credit rating agencies, unless the relevant credit ratings are endorsed by an EEA-registered credit rating agency or the relevant third party non-EEA rating agency is certified in accordance with the CRA Regulation (and such endorsement action or certification, as the case may be, has not been withdrawn or suspended, subject to transitional provisions that apply in certain circumstances whilst the registration application is pending). The list of registered and certified rating agencies published by the European Securities and Markets Authority (“**ESMA**”) on its website in accordance with the CRA Regulation is not conclusive evidence of the status of the relevant rating agency included in such list, as there may be delays between certain supervisory measures being taken against a relevant rating agency and the publication of the updated ESMA list.

Investors regulated in the UK are subject to similar restrictions under Regulation 1060/2009/EC as it forms part of domestic law by virtue of the EUWA (the “**UK CRA Regulation**”). As such, UK regulated investors are required to use for UK regulatory purposes ratings issued by a credit rating agency established in the UK and registered under the UK CRA Regulation. In the case of ratings issued by third country non-UK credit rating agencies, third country credit ratings can either be: (a) endorsed by a UK registered credit rating agency; or (b) issued by a third country credit rating agency that is certified in accordance with the UK CRA Regulation. Note this is subject, in each case, to (a) the relevant UK registration, certification or endorsement, as the case may be, not having been withdrawn or suspended, and (b) transitional provisions that apply in certain circumstances. In the case of third country ratings, for a certain limited period of time, transitional relief accommodates continued use for regulatory purposes in the UK, of existing pre-2021 ratings, provided the relevant conditions are satisfied.

If the status of the rating agency rating the Notes changes for the purposes of the CRA Regulation or the UK CRA Regulation, relevant regulated investors may no longer be able to use the rating for regulatory purposes in the EEA or the UK, as applicable, and the Notes may have a different regulatory treatment, which may impact the value of the Notes and their liquidity in the secondary market.

Investors must rely on the procedures of Euroclear and Clearstream, Luxembourg for transfer, payment and communication with the Issuer

The Notes of each Series will initially be issued in global form, and definitive Notes will be issued directly to Noteholders only in very limited circumstances described in the relevant Global Note or Global Certificate (as applicable). While the Notes are in global form, investors will be able to trade their beneficial interests only through Euroclear or Clearstream, Luxembourg, will receive and provide any notices only through Euroclear or Clearstream, Luxembourg and will only be able to exercise certain other rights (such as voting rights) in respect of their Notes through Euroclear or Clearstream, Luxembourg.

While the Notes remain in global form, the Issuer will discharge its payment obligations under the Notes by making payments to (or, in the case of Registered Notes, to the order of the registered holder as nominee for) the common depositary for Euroclear or Clearstream, Luxembourg for distribution to their accountholders. A holder of a beneficial interest in the Notes must rely on the procedures of Euroclear and Clearstream, Luxembourg to receive payments under the Notes. The Issuer has no responsibility or liability for the records

relating to, or payments made in respect of, beneficial interests in the Notes held through Euroclear or Clearstream, Luxembourg. Accordingly, a breakdown in the procedures of Euroclear and Clearstream, Luxembourg could result in the failure or delay of a Noteholder receiving amounts due from the Issuer under the Notes.

DOCUMENTS INCORPORATED BY REFERENCE

This Information Memorandum should be read and construed in conjunction with the following:

1. the audited consolidated financial statements of Rothesay Limited for the year ended 31 December 2021 and the notes to the financial statements prepared in accordance with UK-adopted international accounting standards as applied in accordance with the provisions of the Companies Act 2006 and the requirements of the Companies Act 2006, together with the independent auditor's report prepared in connection therewith and the report of the Directors, which appear on pages 100 to 170 of Rothesay Limited's Annual Report and Accounts for the year ended 31 December 2021 (the "**Rothesay Limited 2021 Annual Report**"), which can be found on the Issuer's website via the following link: <https://www.rothesay.com/media/gy2fpuoj/rothesay-limited-ar2021.pdf>;
2. the audited consolidated financial statements of Rothesay Limited for the year ended 31 December 2022 and the notes to the financial statements prepared in accordance with UK-adopted international accounting standards as applied in accordance with the provisions of the Companies Act 2006 and the requirements of the Companies Act 2006, together with the independent auditor's report prepared in connection therewith and the report of the Directors, which appear on pages 112 to 189 of Rothesay Limited's Annual Report and Accounts for the year ended 31 December 2022 (the "**Rothesay Limited 2022 Annual Report**"), which can be found on the Issuer's website via the following link: <https://www.rothesay.com/media/b55p5rqm/rothesay-limited-ar2022.pdf>;
3. the audited consolidated financial statements of the Issuer for the year ended 31 December 2021 and the notes to the financial statements prepared in accordance with UK-adopted international accounting standards as applied in accordance with the provisions of the Companies Act 2006 and the requirements of the Companies Act 2006, together with the independent auditor's report prepared in connection therewith and the report of the Directors, which appear on pages 45 to 119 of the Issuer's Annual Report and Accounts for the year ended 31 December 2021 (the "**Issuer 2021 Annual Report**"), which can be found on the Issuer's website via the following link: <https://www.rothesay.com/media/pybkdygu/rothesay-life-plc-ar2021.pdf>;
4. the audited consolidated financial statements of the Issuer for the year ended 31 December 2022 and the notes to the financial statements prepared in accordance with UK-adopted international accounting standards as applied in accordance with the provisions of the Companies Act 2006 and the requirements of the Companies Act 2006, together with the independent auditor's report prepared in connection therewith and the report of the Directors, which appear on pages 48 to 124 of the Issuer's Annual Report and Accounts for the year ended 31 December 2022 (the "**Issuer 2022 Annual Report**"), which can be found on the Issuer's website via the following link: <https://www.rothesay.com/media/qo3ima2b/rothesay-life-plc-ar2022.pdf>; and
5. the Solvency and Financial Condition Report 2022 of Rothesay Limited and the Issuer for the year ended 31 December 2022, which can be found on the Issuer's website via the following link: <https://www.rothesay.com/media/4kzjcj1x/rothesay-scfr-2022.pdf>

Such documents shall be incorporated in, and form part of, this Information Memorandum, save that any statement contained in a document which is incorporated by reference herein shall be modified or superseded for the purpose of this Information Memorandum to the extent that a statement contained herein modifies or supersedes such earlier statement (whether expressly, by implication or otherwise). Any statement so modified or superseded shall not, except as so modified or superseded, constitute a part of this Information Memorandum.

Those parts of the documents incorporated by reference in this Information Memorandum which are not specifically incorporated by reference in this Information Memorandum are either not relevant for prospective investors in the Notes or the relevant information is included elsewhere in this Information Memorandum.

Any documents expressed to be incorporated by reference in any of the information incorporated by reference in this Information Memorandum shall not be incorporated in, or form part of, this Information Memorandum.

TERMS AND CONDITIONS OF THE TIER 3 NOTES

The following is the text of the terms and conditions that, subject to completion and as supplemented in accordance with the provisions of Part A of the relevant Pricing Supplement and except for the paragraphs in italics (which are for information purposes only and do not form part of the Terms and Conditions of the Tier 3 Notes), shall be applicable to the Tier 3 Notes in definitive form (if any) issued in exchange for the Global Note(s) or Certificates representing each Series of Tier 3 Notes. The full text of these terms and conditions together with the relevant provisions of Part A of the Pricing Supplement shall be endorsed on such Bearer Notes or on the Certificates relating to such Registered Notes. Accordingly, references in these terms and conditions to provisions “specified hereon” or “specified as such hereon” shall be to the provisions endorsed on the face of the relevant Note or Certificate or set out in the relevant Pricing Supplement. The relevant Pricing Supplement may specify other terms and conditions which shall, to the extent so specified or to the extent inconsistent with these Terms and Conditions, replace or modify these Terms and Conditions for the purposes of the relevant Notes. All capitalised terms that are not defined in these Conditions will have the meanings given to them in Part A of the relevant Pricing Supplement. Those definitions will be endorsed on the definitive Notes or Certificates, as the case may be. These Conditions shall be applicable to those Notes which are specified to be “Tier 3 Notes” in the relevant Pricing Supplement. References in the Conditions to “Notes” are to the Tier 3 Notes of one Series only, not to all Notes that may be issued under the Programme.

This Note is one of the Series (as defined below) of Notes issued by Rothesay Life Plc (the “**Issuer**”) constituted by a trust deed dated 20 April 2022 (as amended and/or supplemented and/or restated from time to time) (the “**Trust Deed**”) between the Issuer and Citicorp Trustee Company Limited (the “**Trustee**”, which expression shall include all persons for the time being the trustee or trustees under the Trust Deed) as trustee for the Noteholders (as defined below). These terms and conditions include summaries of, and are subject to, the detailed provisions of the Trust Deed, which includes the form of the Bearer Notes, Certificates, Coupons and Talons referred to below. An agency agreement dated 20 April 2022 (as amended and/or supplemented and/or restated from time to time, the “**Agency Agreement**”) has been entered into in relation to the Notes between the Issuer, the Trustee, Citibank, N.A., London Branch as initial issuing and paying agent, paying agent, transfer agent and calculation agent and Citibank Europe plc as registrar. The issuing and paying agent, the paying agents, the registrar, the transfer agents and the calculation agent(s) for the time being (if any) are referred to below respectively as the “**Issuing and Paying Agent**”, the “**Paying Agents**” (which expression shall include the Issuing and Paying Agent), the “**Registrar**”, the “**Transfer Agents**” and (unless otherwise set out herein or hereon) the “**Calculation Agent(s)**” (such Issuing and Paying Agent, any other Paying Agents, the Registrar, the Transfer Agents and any Calculation Agent being together referred to as the “**Agents**”). Copies of the Trust Deed and the Agency Agreement are available for inspection (i) during usual business hours and upon reasonable notice at the specified offices of the Paying Agents and the Transfer Agents or (ii) may be provided by email to a Noteholder following its prior written request to the Issuing and Paying Agent, in each case upon provision of proof of holding of Notes and identity (in a form satisfactory to the Issuing and Paying Agent).

The Noteholders and the holders of the interest coupons (the “**Coupons**”) relating to interest-bearing Notes in bearer form and, where applicable, in the case of such Notes, talons for further Coupons (the “**Talons**”) (the “**Couponholders**”) are entitled to the benefit of, are bound by, and are deemed to have notice of, all the provisions of the Trust Deed and are deemed to have notice of those provisions applicable to them of the Agency Agreement. Any reference herein to Coupons shall, unless the context otherwise requires, be deemed to include a reference to Talons.

As used in these Conditions, “**Tranche**” means Notes which are identical in all respects (including as to listing and admission to trading) and “**Series**” means a Tranche of Notes together with any further Tranche or Tranches of Notes which (a) are expressed to be consolidated and form a single series and (b) have the same terms and

conditions or terms and conditions which are the same in all respects save for the amount and date of the first payment of interest thereon and the date from which interest starts to accrue.

References in these Conditions to “Notes” and “Coupons” shall (unless the context otherwise requires) be deemed to be references only to the Notes and (if the Notes are Bearer Notes) Coupons, respectively, of the particular Series (and, if applicable, Tranche) to which such Notes (and Coupons) belong.

1 Form, Denomination and Title

The Notes are issued in bearer form (“**Bearer Notes**”) or in registered form (“**Registered Notes**”) in each case in the Specified Denomination(s) shown hereon provided that in the case of any Notes which are to be admitted to trading on a regulated market in the United Kingdom or within the European Economic Area or offered to the public in a Member State in circumstances which require the publication of a Prospectus under Regulation (EU) 2017/1129, as amended or Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the EUWA (as the case may be), the minimum Specified Denomination shall be €100,000 (or its equivalent in any other currency as at the date of issue of the relevant Notes).

This Note is a Fixed Rate Note, a Fixed to Floating Rate Note, a Fixed Rate Reset Note or a Floating Rate Note or a combination of the foregoing, depending upon the Interest Basis shown hereon.

Bearer Notes are serially numbered and are issued with Coupons (and, where appropriate, a Talon) attached.

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

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

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

2 Transfers of Registered Notes

(a) *Transfer of Registered Notes*

One or more Registered Notes may, subject to Condition 2(e), be transferred upon the surrender (at the specified office of the Registrar or any Transfer Agent) of the Certificate representing such Registered Notes to be transferred, together with the form of transfer (as set out in Schedule 1 to the Trust Deed) endorsed on such Certificate (or another form of transfer substantially in the same form and containing the same representations and certifications (if any), unless otherwise agreed by the Issuer), duly completed and executed and any other evidence as the Registrar or Transfer Agent may reasonably require. In the case of a transfer of part only of a holding of Registered Notes represented by one Certificate, a new Certificate shall be issued to the transferee in respect of the part transferred and a further new Certificate in respect of the balance of the holding not transferred shall be issued to the transferor. In the case of a transfer of Registered Notes to a person who is already a holder of Registered

Notes, a new Certificate representing the enlarged holding shall only be issued against surrender of the Certificate representing the existing holding.

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

In the case of an exercise of an Issuer's option in respect of a holding of Registered Notes represented by a single Certificate or a partial redemption of a holding of Registered Notes represented by a single Certificate, a new Certificate shall be issued to the holder to reflect the exercise of such option or in respect of the balance of the holding not redeemed. New Certificates shall only be issued against surrender of the existing Certificates to the Registrar or any Transfer Agent.

(c) ***Delivery of New Certificates***

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

(d) ***Transfer Free of Charge***

Transfer of Notes and Certificates on registration, transfer, exercise of an option or partial redemption shall be effected without charge by or on behalf of the Issuer, the Registrar or the Transfer Agents, but upon payment of any tax or other governmental charges by the person submitting such Notes or Certificates that may be imposed in relation to it (or the giving of such indemnity as the Registrar or the relevant Transfer Agent may require).

(e) ***Closed Periods***

No Noteholder may require the transfer of a Note (or part thereof) to be registered (i) during the period of 15 days ending on (and including) the due date for any payment of principal in respect of the Notes or ending on any Record Date, (ii) after the Notes have been called for redemption or (iii) during the period following delivery of a notice of a payment of Arrears of Interest in accordance with Condition 5(e) and Condition 16 and ending on the date referred to in such notice as having been fixed for such payment of Arrears of Interest.

(f) ***Regulations Concerning Transfers and Registration***

All transfers of Notes and entries on the Register will be made subject to the detailed regulations concerning transfers of Notes scheduled to the Agency Agreement. The regulations may be changed by the Issuer, with the prior written approval of the Registrar and the Trustee. A copy of the current regulations will be made available by the Registrar to any Noteholder upon request.

3 Status

(a) **Ranking**

The Notes and the Coupons relating to them constitute direct, unsecured and subordinated obligations of the Issuer and rank *pari passu* and without any preference among themselves. In the event of the winding-up of the Issuer (other than an Approved Winding-up) or the appointment of an administrator of the Issuer where the administrator has given notice that it intends to declare and distribute a dividend, the rights and claims of the holders of the Notes and Coupons (and the Trustee on their behalf) against the Issuer in respect of, or arising under, each Note shall be for (in lieu of any other payment by the Issuer) an amount equal to the Final Redemption Amount of the relevant Note, together with, to the extent not otherwise included within the foregoing, any other amounts attributable to such Note, including any Arrears of Interest, any other accrued and unpaid interest and any damages awarded for breach of any obligations in respect of such Note, provided, however, that such rights and claims shall be subordinated in the manner provided in the Trust Deed to the claims of all Senior Creditors of the Issuer, but shall rank:

- (i) at least *pari passu* with all other subordinated obligations of the Issuer which constitute, or would but for any applicable limitation on the amount of such capital constitute, Tier 3 Capital and all obligations which rank, or are expressed by their terms to rank, *pari passu* therewith (“**Pari Passu Obligations**”); and
- (ii) in priority to the claims of holders of: (a) all obligations of the Issuer which constitute, or would but for any applicable limitation on the amount of such capital constitute, Tier 2 Capital or Tier 1 Capital and all obligations which rank, or are expressed by their terms to rank, *pari passu* therewith (including, without limitation, by virtue of the operation of any grandfathering provisions under any Relevant Rules); and (b) all classes of share capital of the Issuer (together, the “**Junior Obligations**”).

As at 5 May 2023, (i) Tier 3 Capital includes, for so long as any of the same remain outstanding, the Issuer’s £500,000,000 3.375 per cent. Subordinated Notes due 2026 (ISIN: XS2027400063); (ii) Tier 2 Capital includes, for so long as any of the same remain outstanding, the Issuer’s £250,000,000 8.00 per cent. Subordinated Notes due 2025 (ISIN: XS1312953596), the Issuer’s £300,000,000 6.05 per cent. Subordinated Notes due 2028 and the Issuer’s £400,000,000 Fixed Rate Reset Subordinated Notes due 2029 (ISIN: XS2049622272); and (iii) Tier 1 Capital includes, for so long as any of the same remain outstanding, the Issuer’s £350,000,000 Fixed Rate Reset Perpetual Restricted Tier 1 Write Down Notes (ISIN: XS1865334020), the Issuer’s £450,000,000 Fixed Rate Reset Perpetual Restricted Tier 1 Contingent Convertible Notes (ISIN: XS2393498204) and the Issuer’s U.S.\$400,000,000 Fixed Rate Reset Perpetual Restricted Tier 1 Contingent Convertible Notes (ISIN: XS2399976195).

(b) **Solvency Condition**

Without prejudice to Condition 3(a), all payments under or arising from the Notes, the Coupons and the Trust Deed (other than payments made to the Trustee for its own account under the Trust Deed) shall be conditional upon the Issuer being solvent at the time for payment by the Issuer, and no amount shall be payable under or arising from the Notes, the Coupons or the Trust Deed unless and until the Issuer could make such payment and still be solvent immediately thereafter (the “**Solvency Condition**”). Any payment which is not paid due to operation of the Solvency Condition will be deferred and will be payable as further provided in Condition 5(e) or Condition 6(b) as the case may be.

For the purposes of this Condition 3(b), the Issuer will be “**solvent**” if (i) it is able to pay its debts owed to Senior Creditors and *Pari Passu* Creditors as they fall due, and (ii) its Assets exceed its Liabilities.

A certificate as to the solvency of the Issuer signed by two Directors or, if there is a winding-up or administration of the Issuer, by two directors or authorised signatories of the liquidator or, as the case may be, the administrator of the Issuer shall be treated and accepted by the Issuer, the Trustee, the holders of the Notes and Coupons and all other interested parties as correct and sufficient evidence thereof and the Trustee shall be entitled to rely on such certificate without further enquiry and without liability to any person.

The Issuer shall notify the Trustee, the Registrar and the Issuing and Paying Agent in writing and notify the Noteholders in accordance with Condition 16 as soon as reasonably practicable after it has determined that any payment (in whole or in part) will be deferred due to the operation of the Solvency Condition (provided that, for the avoidance of doubt, any delay in giving or failure to give such notice shall not result in such payment becoming due on the scheduled payment date nor constitute a default or event of default under the Notes or the Trust Deed for any other purpose).

(c) ***Set-off, etc.***

Subject to applicable law, no holder of a Note or Coupon may exercise, claim or plead any right of set-off, compensation or retention in respect of any amount owed to it by the Issuer arising under or in connection with the Notes and each Noteholder and Couponholder shall, by virtue of being the holder of any Note or Coupon, be deemed, to the extent permitted by law, to have waived all such rights of set-off, compensation or retention. Notwithstanding the preceding sentence, if any of the amounts owing to any holder by the Issuer is discharged by set-off, such holder shall, unless such payment is prohibited by applicable law, immediately pay an amount equal to the amount of such discharge to the Issuer or, in the event of its winding-up or administration, the liquidator or administrator, as appropriate, of the Issuer for payment to the Senior Creditors in respect of amounts owing to them by the Issuer, and, until such time as payment is made shall hold an amount equal to such amount in trust for the Issuer, or the liquidator or administrator, as appropriate, of the Issuer (as the case may be), for payment to the Senior Creditors in respect of amounts owing to them by the Issuer and, accordingly, any such discharge shall be deemed not to have taken place.

(d) ***The Trustee***

The provisions of Conditions 3(a) and 3(b) apply only to the principal and interest and any other amounts payable in respect of the Notes and Coupons and nothing in Conditions 3(a) or 3(b) or in Conditions 5, 6 or 10 shall affect or prejudice the payment of the costs, charges, expenses, liabilities or remuneration of the Trustee or the rights and remedies of the Trustee in respect thereof.

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

4 Interest and other Calculations

(a) ***Interest on Fixed Rate Notes and Fixed to Floating Rate Notes***

Each Fixed Rate Note or Fixed to Floating Rate Note bears interest on its outstanding principal amount from (and including) the Interest Commencement Date at the rate per annum (expressed as a percentage) equal to the Rate of Interest to (but excluding), (i) in the case of Fixed to Floating Rate Notes, the Fixed Rate End Date specified hereon, and (ii) in the case of Fixed Rate Notes, the Maturity Date (if applicable) specified hereon, and such interest shall (subject to Conditions 3(b) and 5) be payable in arrear on each

Interest Payment Date specified hereon. The amount of interest payable shall be determined in accordance with Condition 4(e).

(b) ***Interest on Fixed Rate Reset Notes***

Each Fixed Rate Reset Note bears interest on its outstanding principal amount (unless “Mid-Swap Rate” has been selected in the relevant Pricing Supplement and a Benchmark Event has occurred, in which case the First Reset Rate of Interest and/or any Subsequent Reset Rate of Interest, as applicable, shall be determined pursuant to and in accordance with Condition 4(l)):

- (i) from (and including) the Interest Commencement Date until (but excluding) the First Reset Note Reset Date, at the Initial Rate of Interest;
- (ii) from (and including) the First Reset Note Reset Date until (but excluding) the first Anniversary Date, at the First Reset Rate of Interest; and
- (iii) for each Subsequent Reset Period thereafter (if any), at the relevant Subsequent Reset Rate of Interest,

and such interest shall (subject to Conditions 3(b) and 5) be payable, in each case, in arrear on the Interest Payment Dates specified hereon. The amount of interest payable shall be determined in accordance with Condition 4(e).

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

(c) ***Interest on Floating Rate Notes and Fixed to Floating Rate Notes***

(i) Interest Payment Dates

Each Floating Rate Note and each Fixed to Floating Rate Note bears interest on its outstanding principal amount from (and including), in the case of a Floating Rate Note, the Interest Commencement Date and, in the case of a Fixed to Floating Rate Note, the Fixed Rate End Date specified hereon at the rate per annum (expressed as a percentage) equal to the Rate of Interest. Such interest shall (subject to Conditions 3(b) and 5) be payable in arrear on each Interest Payment Date, in the case of a Floating Rate Note, and on each Interest Payment Date commencing after the Fixed Rate End Date specified hereon, in the case of a Fixed to Floating Rate Note. The amount of interest payable shall be determined in accordance with Condition 4(e). Such Interest Payment Date(s) is/are either shown hereon as Specified Interest Payment Dates or, if no Specified Interest Payment Date(s) is/are shown hereon, “**Interest Payment Date**” shall mean each date which falls the number of months or other period shown hereon as the Specified Period after the preceding Interest Payment Date or, in the case of the first such Interest Payment Date, after the Interest Commencement Date, in the case of a Floating Rate Note, or after the Fixed Rate End Date, in the case of a Fixed to Floating Rate Note.

(ii) Business Day Convention

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

- (A) the “**Floating Rate Business Day Convention**”, such date shall be postponed to the next day that is a Business Day unless it would thereby fall into the next calendar month, in which event (x) such date shall be brought forward to the immediately preceding Business

Day and (y) each such subsequent date shall be the last Business Day of the month in which such date would have fallen had it not been subject to adjustment;

- (B) the “**Following Business Day Convention**”, such date shall be postponed to the next day that is a Business Day;
- (C) the “**Modified Following Business Day Convention**”, such date shall be postponed to the next day that is a Business Day unless it would thereby fall into the next calendar month, in which event such date shall be brought forward to the immediately preceding Business Day; or
- (D) the “**Preceding Business Day Convention**”, such date shall be brought forward to the immediately preceding Business Day.

(iii) Rate of Interest for Floating Rate Notes and Fixed to Floating Rate Notes

The Rate of Interest in respect of Floating Rate Notes and, from and including the Fixed Rate End Date, Fixed to Floating Rate Notes for each Interest Accrual Period shall be determined in the manner specified hereon and the provisions below relating to either ISDA Determination, Screen Rate Determination or BBSW Determination shall apply, depending upon which is specified hereon (unless a Benchmark Event has occurred, in which case the relevant Rate of Interest shall be determined pursuant to and in accordance with Condition 4(1)).

(A) ISDA Determination for Floating Rate Notes and, from and including the Fixed Rate End Date, Fixed to Floating Rate Notes

Where ISDA Determination is specified hereon as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each relevant Interest Accrual Period shall be determined by the Calculation Agent, subject to Condition 4(1), as a rate equal to the relevant ISDA Rate. For the purposes of this sub-paragraph (A), “**ISDA Rate**” for an Interest Accrual Period means a rate equal to the Floating Rate that would be determined by the Calculation Agent under a Swap Transaction under the terms of an agreement incorporating the ISDA Definitions and under which:

- (x) the Floating Rate Option is as specified hereon;
- (y) the Designated Maturity is a period specified as such hereon; and
- (z) the relevant Reset Date is the first day of that Interest Accrual Period unless otherwise specified hereon.

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

Unless otherwise specified hereon, the Minimum Rate of Interest shall be deemed to be zero.

(B) Screen Rate Determination for Floating Rate Notes and, from and including the Fixed Rate End Date, Fixed to Floating Rate Notes

- (x) Where Screen Rate Determination is specified hereon as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Accrual Period will, subject to Condition 4(1) and subject as provided below, be either:

- (1) the offered quotation; or
- (2) the arithmetic mean of the offered quotations,

(expressed as a percentage rate per annum) for the Reference Rate which appears or appear, as the case may be, on the Relevant Screen Page as at 11.00 a.m. (Brussels time), on the Interest Determination Date in question as determined by the Calculation Agent. If five or more of such offered quotations are available on the Relevant Screen Page, the highest (or, if there is more than one such highest quotation, one only of such quotations) and the lowest (or, if there is more than one such lowest quotation, one only of such quotations) shall be disregarded by the Calculation Agent for the purpose of determining the arithmetic mean of such offered quotations.

- (y) subject to Condition 4(l), if the Relevant Screen Page is not available or if, sub-paragraph (x)(1) applies and no such offered quotation appears on the Relevant Screen Page or if sub-paragraph (x)(2) above applies and fewer than three such offered quotations appear on the Relevant Screen Page in each case as at the time specified above, subject as provided below, the Issuer shall request the principal Eurozone office of each of the Reference Banks to provide the Calculation Agent with its offered quotation (expressed as a percentage rate per annum) for the Reference Rate at approximately 11.00 a.m. (Brussels time), on the Interest Determination Date in question. If two or more of the Reference Banks provide the Calculation Agent with such offered quotations, the Rate of Interest for such Interest Accrual Period shall be the arithmetic mean of such offered quotations as determined by the Calculation Agent; and
- (z) if paragraph (y) above applies and the Calculation Agent determines that fewer than two Reference Banks are providing offered quotations, subject as provided below, the Rate of Interest shall be the arithmetic mean of the rates per annum (expressed as a percentage) as communicated (at the request of the Issuer) to the Calculation Agent by the Reference Banks or any two or more of them, at which such banks were offered, at approximately 11.00 a.m. (Brussels time) on the relevant Interest Determination Date, deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate by leading banks in the Eurozone inter-bank market or, if fewer than two of the Reference Banks provide the Calculation Agent with such offered rates, the rate of interest shall be the offered rate for deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate, or the arithmetic mean of the offered rates for deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate, at which, at approximately 11.00 a.m. (Brussels time), on the relevant Interest Determination Date, any one or more banks (which bank or banks as selected by the Issuer is or are in the opinion of the Issuer suitable for such purpose) informs the Calculation Agent it is quoting to leading banks in the Eurozone inter-bank market provided that, if the Rate of Interest cannot be determined in accordance with the foregoing provisions of this paragraph, the Rate of Interest shall be (i) determined as at the last preceding Interest Determination Date (though substituting, where a different Margin or Maximum or Minimum Rate of Interest is to be applied to the relevant Interest Accrual Period from that which applied to the last preceding Interest Accrual Period, the Margin or Maximum or

Minimum Rate of Interest relating to the relevant Interest Accrual Period, in place of the Margin or Maximum or Minimum Rate of Interest relating to that last preceding Interest Accrual Period) or (ii) if the Note is a Fixed to Floating Rate Note and there is no such prior Interest Determination Date, the initial fixed Rate of Interest.

(C) BBSW Determination for Floating Rate Notes and, from and including the Fixed Rate End Date, Fixed to Floating Rate Notes

Where BBSW Determination is specified hereon as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Accrual Period will, subject to Condition 4(l) and subject as provided below, be the BBSW Rate, having a tenor closest to the relevant Interest Accrual Period, on the Interest Determination Date in question, all as determined by the Calculation Agent.

Subject to Condition 4(l), if the BBSW Page is not available, or if the BBSW Rate does not appear on the BBSW Page by 10.45 a.m. in Sydney (or such other time that is 15 minutes after the then prevailing BBSW Publication Time), then the Issuer shall request the principal Sydney office of each of the BBSW Rate Reference Banks to provide the Calculation Agent with its offered quotation (expressed as a percentage rate per annum) for the BBSW Rate at approximately 10.30 a.m. (Sydney time), on the Interest Determination Date in question. If two or more of the BBSW Rate Reference Banks provide the Calculation Agent with such offered quotations, the Rate of Interest for such Interest Accrual Period shall be the arithmetic mean of such offered quotations as determined by the Calculation Agent. If the Calculation Agent determines that fewer than two BBSW Rate Reference Banks are providing offered quotations, subject as provided below, the Rate of Interest shall be the arithmetic mean of the rates per annum (expressed as a percentage) as communicated (at the request of the Issuer) to the Calculation Agent by the BBSW Rate Reference Banks or any two or more of them, at which such banks were offered, at approximately 10.30 a.m. (Sydney time) on the relevant Interest Determination Date, deposits in Australian dollars for a period equal to that which would have been used for the BBSW Rate by leading banks in the Sydney inter-bank market or, if fewer than two of the BBSW Rate Reference Banks provide the Calculation Agent with such offered rates, the rate of interest shall be the offered rate for deposits in Australian dollars for a period equal to that which would have been used for the BBSW Rate, or the arithmetic mean of the offered rates for deposits in Australian dollars for a period equal to that which would have been used for the BBSW Rate, at which, at approximately 10.30 a.m. (Sydney time), on the relevant Interest Determination Date, any one or more banks (which bank or banks as selected by the Issuer is or are in the opinion of the Issuer suitable for such purpose) informs the Calculation Agent it is quoting to leading banks in the Sydney inter-bank market provided that, if the Rate of Interest cannot be determined in accordance with the foregoing provisions of this paragraph, the Rate of Interest shall be (i) determined as at the last preceding Interest Determination Date (though substituting, where a different Margin or Maximum or Minimum Rate of Interest is to be applied to the relevant Interest Accrual Period from that which applied to the last preceding Interest Accrual Period, the Margin or Maximum or Minimum Rate of Interest relating to the relevant Interest Accrual Period, in place of the Margin or Maximum or Minimum Rate of Interest relating to that last preceding Interest Accrual Period) or (ii) if the Note is a Fixed to Floating Rate Note and there is no such prior Interest Determination Date, the initial fixed Rate of Interest.

Unless otherwise specified hereon, the Minimum Rate of Interest shall be deemed to be zero.

(d) ***Margin, Maximum/Minimum Rates of Interest and Rounding***

- (i) If any Margin is specified hereon (either (x) generally or (y) in relation to one or more Interest Accrual Periods), an adjustment shall be made to all Rates of Interest, in the case of (x), or the Rates of Interest for the specified Interest Accrual Periods, in the case of (y), calculated in accordance with Condition 4(c) above by adding (if a positive number) or subtracting (if a negative number) the absolute value of such Margin, subject always to the next paragraph.
- (ii) If any Maximum or Minimum Rate of Interest is specified hereon, then any Rate of Interest shall be subject to such maximum or minimum, as the case may be.

In setting the Maximum or Minimum Rate of Interest, the Issuer shall have consideration to the limitations set out in any Relevant Rules.

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

(e) ***Calculations***

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

(f) ***Linear Interpolation***

Where Linear Interpolation is specified hereon as applicable in respect of an Interest Accrual Period, the Rate of Interest for such Interest Accrual Period shall be calculated by the Calculation Agent by straight line linear interpolation by reference to two rates based on the relevant Reference Rate (where Screen Rate Determination is specified hereon as applicable) or the relevant Floating Rate Option (where ISDA Determination is specified hereon as applicable) or the relevant BBSW Rate (where BBSW Determination is specified hereon as applicable), one of which shall be determined as if the Applicable Maturity were the period of time for which rates are available next shorter than the length of the relevant Interest Accrual Period and the other of which shall be determined as if the Applicable Maturity were

the period of time for which rates are available next longer than the length of the relevant Interest Accrual Period provided however that if there is no rate available for a period of time next shorter or, as the case may be, next longer, then the Calculation Agent shall calculate the Rate of Interest at such time and by reference to such sources as the Issuer, in consultation with an independent financial institution or an independent financial adviser with the appropriate expertise appointed by the Issuer, and such independent financial institution or independent financial adviser acting in good faith and in a commercially reasonable manner as an expert, determines appropriate.

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

(g) ***Determination and Publication of Rates of Interest and Interest Amounts***

The Calculation Agent shall, subject to Condition 4(l), as soon as practicable on or after each Interest Determination Date or Reset Determination Date (as applicable), or such other time on such date as the Calculation Agent may be required to calculate any rate or amount, obtain any quotation or make any determination or calculation, determine such rate and calculate the Interest Amounts for the relevant Interest Accrual Period, obtain such quotation or make such determination or calculation, as the case may be, and cause the Rate of Interest and the Interest Amounts for each Interest Accrual Period and the relevant Interest Payment Date, to be notified to the Trustee, the Issuer, each of the Paying Agents, the Noteholders, any other Calculation Agent appointed in respect of the Notes that is to make a further calculation upon receipt of such information and, if the Notes are listed on a stock exchange and the rules of such exchange or other relevant authority so require, such exchange or other relevant authority as soon as possible after their determination but in any event no later than (i) the commencement of the relevant Interest Period, if determined prior to such time, in the case of notification to such exchange of a Rate of Interest and Interest Amount, or (ii) in all other cases, the fourth Business Day after such determination. Where any Interest Payment Date or Interest Period Date is subject to adjustment pursuant to Condition 4(c)(ii), the Interest Amounts and the Interest Payment Date so published may subsequently be amended without notice in the event of an extension or shortening of the Interest Period. If the Notes become due and payable under Conditions 3(a) and 10, the accrued interest and the Rate of Interest payable in respect of the Notes shall nevertheless continue to be calculated as previously in accordance with this Condition 4 but no publication of the Rate of Interest or the Interest Amount so calculated need be made. The determination of any rate or amount, the obtaining of each quotation and the making of each determination or calculation by the Calculation Agent(s) shall (in the absence of manifest error) be final and binding upon all parties.

(h) ***Certificates to be final***

All certificates, communications, opinions, determinations, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of this Condition 4 by the Calculation Agent shall (in the absence of manifest error) be binding on the Issuer, the Trustee, the Issuing and Paying Agent, the Paying Agents and all Noteholders and Couponholders and (in the absence of wilful default or fraud) no liability to the Issuer, the Trustee, the Noteholders or the Couponholders shall attach to the Calculation Agent in connection with the exercise or non-exercise by it of its powers, duties and discretions pursuant to such provisions.

(i) ***Accrual of Interest***

Each Note (or in the case of the redemption of part only of a Note, that part only of such Note) will cease to bear interest (if any) from the date for its redemption unless payment of principal is improperly withheld or refused. In such event, interest will continue to accrue until whichever is the earlier of:

- (i) the date on which all amounts due in respect of such Note have been paid; and
- (ii) five days after the date on which the full amount of the moneys payable in respect of such Note has been received by the Issuing and Paying Agent or the Registrar or the Trustee, as the case may be, and notice to that effect has been given to the Noteholders in accordance with Condition 16.

(j) ***Definitions***

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

“**Anniversary Date**” means the date specified as such hereon.

“**Applicable Maturity**” has the meaning given to it in Condition 4(f).

“**BBSW Page**” means the Refinitiv “BBSW” Page, or such other Refinitiv screen page (or page of a successor service) as may replace such page for the purpose of displaying the Australian Bank Bill Swap rate.

“**BBSW Publication Time**” means 10.30 a.m. in Sydney (or such other time at which the BBSW Rate is customarily published on the BBSW Page).

“**BBSW Rate**” means the Australian Bank Bill Swap rate (expressed as a percentage rate per annum) administered by ASX Benchmarks Pty Limited (or any other person which takes over the administration of that rate) as displayed on the BBSW Page (rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards) at the BBSW Publication Time.

“**BBSW Rate Reference Banks**” means four leading banks in the Sydney inter-bank market.

“**Benchmark Frequency**” has the meaning given to it in the relevant Pricing Supplement.

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

“**Benchmark Gilt Rate**” means, in respect of a Reset Period, the percentage rate (rounded, if necessary, to three decimal places, with 0.0005 rounded upwards) determined by the Calculation Agent on the basis of the Gilt Yield Quotations provided (upon request by or on behalf of the Issuer) by the Reset Reference Banks to the Issuer and by the Issuer to the Calculation Agent at approximately 11:00 a.m. (London time) on the Reset Determination Date in respect of such Reset Period. If at least four quotations are provided, the Benchmark Gilt Rate will be the rounded arithmetic mean of the quotations provided, eliminating the highest quotation (or, in the event of equality, one of the highest) and the lowest quotation (or, in the event of equality, one of the lowest). If only two or three quotations are provided, the Benchmark Gilt Rate will be the rounded arithmetic mean of the quotations provided. If only one quotation is provided, the Benchmark Gilt Rate will be the rounded quotation provided. If no quotations are provided, the Benchmark Gilt Rate will be (i) in the case of each Reset Period other than the Reset

Period commencing on the First Reset Note Reset Date, the Reset Rate in respect of the immediately preceding Reset Period or (ii) in the case of the Reset Period commencing on the First Reset Note Reset Date, an amount specified hereon as the “First Reset Period Fallback”.

“**Broken Amount**” has the meaning given to it in the relevant Pricing Supplement.

“**Business Day**” means:

- (i) in the case of a currency other than euro, a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets settle payments in the principal financial centre for such currency; and/or
- (ii) in the case of euro, a day on which the TARGET System is operating (a “**TARGET Business Day**”); and/or
- (iii) in the case of a currency and/or one or more Additional Business Centres specified hereon, a day (other than a Saturday or a Sunday) on which commercial banks and foreign exchange markets settle payments in such currency in the Additional Business Centre(s) or, if no currency is indicated, generally in each of the Additional Business Centres.

“**Business Day Convention**” has the meaning given to it in the relevant Pricing Supplement.

“**Calculation Amount**” has the meaning given to it in the relevant Pricing Supplement.

“**CMT Designated Maturity**” has the meaning given to it in the relevant Pricing Supplement.

“**CMT Rate**” means, in relation to a Reset Period and the Reset Determination Date in relation to such Reset Period, the rate determined by the Calculation Agent, and expressed as a percentage, equal to:

- (i) the yield for United States Treasury Securities at “constant maturity” for the CMT Designated Maturity, as published in the H.15 under the caption “treasury constant maturities (nominal)”, as that yield is displayed on the CMT Rate Screen Page on such Reset Determination Date; or
- (ii) if the yield referred to in paragraph (i) above is not published by 4:00 p.m. (New York City time) on the CMT Rate Screen Page on such Reset Determination Date, the yield for the United States Treasury Securities at “constant maturity” for the CMT Designated Maturity as published in the H.15 under the caption “treasury constant maturities (nominal)” on such Reset Determination Date; or
- (iii) if the yield referred to in paragraph (ii) above is not published by 4:30 p.m. (New York City time) on such Reset Determination Date, the Reset Reference Bank Rate on such Reset Determination Date.

“**CMT Rate Screen Page**” has the meaning given to it in the relevant Pricing Supplement or any successor service or such other page as may replace that page on that service for the purpose of displaying “treasury constant maturities” as reported in H.15.

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

- (i) if “**Actual/Actual**” or “**Actual/Actual - ISDA**” is specified hereon, the actual number of days in the Calculation Period divided by 365 (or, if any portion of that Calculation Period falls in a leap year, the sum of (A) the actual number of days in that portion of the Calculation Period falling in

a leap year divided by 366 and (B) the actual number of days in that portion of the Calculation Period falling in a non-leap year divided by 365);

- (ii) if “**Actual/365 (Fixed)**” is specified hereon, the actual number of days in the Calculation Period divided by 365;
- (iii) if “**Actual/365 (Sterling)**” is specified hereon, the actual number of days in the Calculation Period divided by 365 or, in the case of an Interest Payment Date falling in a leap year, 366;
- (iv) if “**Actual/360**” is specified hereon, the actual number of days in the Calculation Period divided by 360;
- (v) if “**30/360**”, “**360/360**” or “**Bond Basis**” is specified hereon, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

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

where:

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

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

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

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

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

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

- (vi) if “**30E/360**” or “**Eurobond Basis**” is specified hereon, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

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

where:

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

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

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

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

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

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

- (vii) if “**30E/360 (ISDA)**” is specified hereon, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

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

where:

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

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

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

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

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

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

- (viii) if “**Actual/Actual-ICMA**” is specified hereon:

(A) if the Calculation Period is equal to or shorter than the Determination Period during which it falls, the number of days in the Calculation Period divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Periods normally ending in any year; and

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

(x) the number of days in such Calculation Period falling in the Determination Period in which it begins divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Periods normally ending in any year; and

(y) the number of days in such Calculation Period falling in the next Determination Period divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Periods normally ending in any year,

where:

“**Determination Date**” means the date specified as such hereon or, if none is so specified, the Interest Payment Date; and

“**Determination Period**” means the period from and including a Determination Date in any year to but excluding the next Determination Date; and

- (ix) if “**RBA Bond Basis**” or “**Australian Bond Basis**” is specified hereon:
- (A) for amounts paid and/or calculated in respect of Interest Payment Dates, one divided by the number of Interest Payment Dates normally falling in a year; and
 - (B) for amounts paid and/or calculated in respect of dates other than Interest Payment Dates, Actual/Actual (ICMA).

“**Eurozone**” means the region comprising member states of the European Union that adopt the single currency in accordance with the Treaty establishing the European Community, as amended.

“**First Reset Note Reset Date**” means the date specified as such hereon.

“**First Reset Period**” means the period from (and including) the First Reset Note Reset Date until (but excluding) the first Anniversary Date.

“**First Reset Period Fallback**” has the meaning given to it in the relevant Pricing Supplement.

“**First Reset Rate of Interest**” means the rate of interest being determined by the Calculation Agent on the relevant Reset Determination Date as the sum of the relevant Reset Rate plus the Reset Margin (with such sum converted (if necessary) from a basis equivalent to the Benchmark Frequency to a basis equivalent to the frequency with which scheduled interest payments are payable on the relevant Notes during the First Reset Period (such calculation to be made by the Calculation Agent)).

“**Fixed Leg**” has the meaning given to it in the relevant Pricing Supplement.

“**Fixed Rate End Date**” means the date specified as such hereon.

“**Floating Leg**” has the meaning given to it in the relevant Pricing Supplement.

“**Floating Rate Business Day Convention**” has the meaning given to it in Condition 4(c).

“**Following Business Day Convention**” has the meaning given to it in Condition 4(c).

“**Gilt Yield Quotations**” means, with respect to a Reset Reference Bank and a Reset Period, the arithmetic mean of the bid and offered yields (on a semi-annual compounding basis) for the Benchmark Gilt in respect of that Reset Period, expressed as a percentage, as quoted by such Reset Reference Bank.

“**H.15**” means the daily statistical release designated as H.15, or any successor publication, published by the board of governors of the Federal Reserve System at <http://www.federalreserve.gov/releases/H15> or any successor site or publication.

“**Initial Rate of Interest**” means the initial rate of interest per annum specified hereon.

“**Interest Accrual Period**” means the period beginning on (and including) the Interest Commencement Date, in respect of the Floating Rate Notes, and the Fixed Rate End Date, in respect of the Fixed to Floating Rate Notes, and ending on (but excluding) the first Interest Period Date and each successive period beginning on (and including) an Interest Period Date and ending on (but excluding) the next succeeding Interest Period Date.

“**Interest Amount**” means, in respect of an Interest Accrual Period, the amount of interest payable per Calculation Amount for that Interest Accrual Period and which, in the case of Fixed Rate Notes, Fixed Rate Reset Notes, and, prior to the Fixed Rate End Date, Fixed to Floating Rate Notes, and unless otherwise specified hereon, shall mean the Fixed Coupon Amount or Broken Amount specified hereon as being payable on the Interest Payment Date ending the Interest Period of which such Interest Accrual

Period forms part; and, in respect of any other period, the amount of interest payable per Calculation Amount for that period.

“**Interest Commencement Date**” means the Issue Date or such other date as may be specified hereon.

“**Interest Determination Date**” means, with respect to a Rate of Interest and Interest Accrual Period, the date specified as such hereon or, if none is so specified: (i) the first day of such Interest Accrual Period if the Specified Currency is sterling or (ii) the day falling two Business Days in London prior to the first day of such Interest Accrual Period if the Specified Currency is neither sterling nor euro or (iii) the day falling two TARGET Business Days prior to the first day of such Interest Accrual Period if the Specified Currency is euro.

“**Interest Payment Date**” has the meaning given to it in Condition 4(c).

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

“**Interest Period Date**” means each Interest Payment Date unless otherwise specified hereon.

“**ISDA Definitions**” means the 2006 ISDA Definitions as amended or supplemented, as published by the International Swaps and Derivatives Association, Inc. unless otherwise specified hereon.

“**ISDA Determination**” has the meaning given to it in Condition 4(c).

“**ISDA Rate**” has the meaning given to it in Condition 4(c).

“**Margin**” has the meaning given to it in the relevant Pricing Supplement.

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

- (i) if the Specified Currency is euro, for the annual fixed leg (calculated on a 30/360 day count basis) of a fixed for floating interest rate swap transaction in euro which (i) has a term commencing on the relevant Reset Note Reset Date which is equal to that of the relevant Swap Rate Period; (ii) is in an amount that is representative of a single transaction in the relevant market at the relevant time with an acknowledged dealer of good credit in the relevant swap market; and (iii) has a floating leg based on the 6-month EURIBOR rate (calculated on an Actual/360 day count basis), unless as otherwise specified hereon;
- (ii) if the Specified Currency is Australian dollars, for the annual fixed leg (calculated on an RBA Bond Basis) of a fixed for floating interest rate swap transaction in Australian dollars which (i) has a term commencing on the relevant Reset Note Reset Date which is equal to that of the relevant Swap Rate Period; (ii) is in an amount that is representative of a single transaction in the relevant market at the relevant time with an acknowledged dealer of good credit in the relevant swap market; and (iii) has a floating leg based on the BBSW Rate, as specified in the relevant Pricing Supplement (calculated on an RBA Bond Basis), unless as otherwise specified hereon; and
- (iii) if the Specified Currency is not euro, for the Fixed Leg (as set out hereon) of a fixed for floating interest rate swap transaction in that Specified Currency which (i) has a term commencing on the relevant Reset Note Reset Date which is equal to that of the relevant Swap Rate Period; (ii) is in an amount that is representative of a single transaction in the relevant market at the relevant time

with an acknowledged dealer of good credit in the relevant swap market; and (iii) has a Floating Leg (as set out hereon).

“**Mid-Swap Rate**” means in respect of a Reset Period, (i) the applicable semi-annual or annual (as specified hereon) mid-swap rate for swap transactions in the Specified Currency (with a maturity equal to that of the relevant Swap Rate Period specified hereon) as displayed on the Screen Page at 11.00 a.m. (in the principal financial centre of the Specified Currency) on the relevant Reset Determination Date or (ii) if such rate is not displayed on the Screen Page at such time and date, the relevant Reset Reference Bank Rate.

“**Modified Following Business Day Convention**” has the meaning given to it in Condition 4(c).

“**Preceding Business Day Convention**” has the meaning given to it in Condition 4(c).

“**Rate of Interest**” means the rate of interest payable from time to time in respect of this Note and that is either specified or calculated in accordance with the provisions hereon.

“**Reference Banks**” means the principal Eurozone office of four major banks in the Eurozone inter-bank market, in each case selected by the Issuer or as specified hereon.

“**Reference Rate**” means EURIBOR or as otherwise specified hereon, in each case for the relevant period, as specified hereon.

“**Relevant Screen Page**” means such page, section, caption, column or other part of a particular information service as may be specified hereon.

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

“**Reset Margin**” means the margin (expressed as a percentage) specified as such hereon.

In setting the Reset Margin the Issuer shall have consideration to the limitations set out in any Relevant Rules.

“**Reset Note Reset Date**” means every date which falls on each Anniversary Date as may be specified hereon.

“**Reset Period**” means the First Reset Period or a Subsequent Reset Period.

“**Reset Rate**” means (a) if “Mid-Swap Rate” is specified hereon, the relevant Mid-Swap Rate, (b) if “Benchmark Gilt Rate” is specified hereon, the relevant Benchmark Gilt Rate or (c) if “CMT Rate” is specified hereon, the relevant CMT Rate.

“**Reset Reference Bank Rate**” means the percentage rate determined on the basis of (a) if “Mid-Swap Rate” is specified hereon, the Mid-Swap Quotations provided by the Reset Reference Banks to the Calculation Agent at the request of the Issuer at or around 11:00 a.m. in the principal financial centre of the Specified Currency on the relevant Reset Determination Date or (b) if “CMT Rate” is specified hereon, the percentage rate determined by the Calculation Agent on the basis of the Reset United States Treasury Securities Quotations provided by the Reset Reference Banks to the Calculation Agent at the request of the Issuer at or around 4:30 p.m. (New York City time) on the relevant Reset Determination

Date and, in either case, rounded, if necessary, to the nearest 0.001 per cent. (0.0005 per cent. being rounded upwards). If at least four quotations are provided, the Reset Reference Bank Rate will be the rounded arithmetic mean of the quotations provided, eliminating the highest quotation (or, in the event of equality, one of the highest) and the lowest quotation (or, in the event of equality, one of the lowest). If only two or three quotations are provided, the Reset Reference Bank Rate will be the rounded arithmetic mean of the quotations provided. If only one quotation is provided, the Reset Reference Bank Rate will be the rounded quotation provided. If no quotations are provided, the Reset Reference Bank Rate will be (i) in the case of each Reset Period other than the Reset Period commencing on the First Reset Note Reset Date, the relevant Mid-Swap Rate or CMT Rate (as applicable) in respect of the immediately preceding Reset Period or (ii) in the case of the Reset Period commencing on the First Reset Note Reset Date, the percentage rate specified hereon as the “First Reset Period Fallback”.

“**Reset Reference Banks**” means (i) in the case of the calculation of a Reset Reference Bank Rate where “Mid-Swap Rate” is specified hereon, five leading swap dealers in the principal interbank market relating to the Specified Currency, (ii) in the case of the calculation of a Reset Reference Bank Rate where “CMT Rate” is specified hereon, five banks which are primary U.S. Treasury securities dealers or market makers in pricing corporate bond issues denominated in U.S. dollars in New York or (iii) in the case of a Benchmark Gilt Rate, five brokers of gilts and/or gilt-edged market makers, in each case, as selected by the Issuer.

“**Reset United States Treasury Securities Quotation**” means, in relation to a Reset Period and the Reset Determination Date in relation to such Reset Period, the rate quoted by a Reset Reference Bank as being the yield-to-maturity based on the arithmetic mean of the secondary market bid price of such Reset Reference Bank for Reset United States Treasury Securities at approximately 4:30 p.m. (New York City time) on such Reset Determination Date.

“**Reset United States Treasury Securities**” means, on the relevant Reset Determination Date, United States Treasury Securities with an original maturity equal to the CMT Designated Maturity, a remaining term to maturity of no more than one year shorter than the CMT Designated Maturity and in a principal amount equal to an amount that is representative for a single transaction in such United States Treasury Securities in the New York City market. If two United States Treasury Securities have remaining terms to maturity equally close to the duration of the CMT Designated Maturity, the United States Treasury Security with the highest nominal amount outstanding will be used.

“**Screen Page**” means Reuters screen page “ICESWAP1”, “ICESWAP2”, “ICESWAP3”, “ICESWAP4”, “ICESWAP5” or “ICESWAP6” as specified hereon or such other page on Thomson Reuters as is specified hereon, or such other screen page as may replace it on Thomson Reuters or, as the case may be, on such other information service that may replace Thomson Reuters, in each case, as may be nominated by the person providing or sponsoring the information appearing there for the purpose of displaying comparable rates.

“**Screen Rate Determination**” has the meaning given to it in Condition 4(c).

“**Specified Currency**” means the currency specified as such hereon or, if none is specified, the currency in which the Notes are denominated.

“**Subsequent Reset Period**” means each successive period other than the First Reset Period from (and including) a Reset Note Reset Date to (but excluding) the next succeeding Reset Note Reset Date.

“**Subsequent Reset Rate of Interest**” means, in respect of any Subsequent Reset Period, the rate of interest being determined by the Calculation Agent on the relevant Reset Determination Date as the sum of the relevant Reset Rate plus the Reset Margin (with such sum converted (if necessary) from a basis

equivalent to the Benchmark Frequency to a basis equivalent to the frequency with which scheduled interest payments are payable on the relevant Notes during the relevant Subsequent Reset Period (such calculation to be made by the Calculation Agent)).

“**Swap Rate Period**” means the period or periods specified as such hereon.

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

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

“**U.S. Government Securities Business Day**” means any day except for a Saturday, Sunday or a day on which the Securities Industry and Financial Markets Association recommends that the fixed income departments of its members be closed for the entire day for purposes of trading in U.S. government securities.

(k) ***Calculation Agent***

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

(l) ***Benchmark Discontinuation***

(i) Independent Adviser

If a Benchmark Event occurs in relation to an Original Reference Rate when any Rate of Interest (or any component part thereof) remains to be determined by reference to such Original Reference Rate, the Issuer shall use its reasonable endeavours to appoint an Independent Adviser, as soon as reasonably practicable, to advise the Issuer in determining a Successor Rate, failing which an Alternative Rate (in accordance with Condition 4(l)(ii)) and, in either case, an Adjustment Spread and any Benchmark Amendments (in accordance with Condition 4(l)(iv)). In making such determination, the Issuer shall act in good faith. In the absence of bad faith or fraud, neither the Issuer nor the Independent Adviser shall have any liability whatsoever to the Trustee, the Paying Agents, the Noteholders or the Couponholders for any determination made by the Issuer, or any advice given by the Independent Adviser to the Issuer, pursuant to this Condition 4(l).

If (i) the Issuer is unable to appoint an Independent Adviser or (ii) the Issuer fails to determine a Successor Rate or, failing which, an Alternative Rate, together with the applicable Adjustment Spread, in accordance with this Condition 4(l)(i) or Condition 4(l)(ii) prior to the date which is 5 Business Days prior to the relevant Interest Determination Date or Reset Determination Date (as applicable), the Rate of Interest applicable to the next succeeding Interest Period or Interest Accrual Period shall be determined using the Original Reference Rate last displayed on the

Relevant Screen Page prior to the relevant Interest Determination Date or Reset Determination Date. For the avoidance of doubt, this paragraph shall apply to the relevant next succeeding Interest Period or Interest Accrual Period only and any subsequent Interest Periods or Interest Accrual Periods are subject to the subsequent operation of, and to adjustment as provided in, the first paragraph of this Condition 4(1)(i).

(ii) Successor Rate or Alternative Rate

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

- (A) there is a Successor Rate, then such Successor Rate and the applicable Adjustment Spread shall subsequently be used in place of the Original Reference Rate to determine the Rate of Interest (or the relevant component part thereof) for all future payments of interest on the Notes (subject to the subsequent operation of this Condition 4(1)); or
- (B) there is no Successor Rate but that there is an Alternative Rate, then such Alternative Rate and the applicable Adjustment Spread shall subsequently be used in place of the Original Reference Rate to determine the Rate of Interest (or the relevant component part thereof) for all future payments of interest on the Notes (subject to the subsequent operation of this Condition 4(1)).

(iii) Adjustment Spread

The applicable Adjustment Spread (or the formula or methodology for determining the Adjustment Spread) shall be applied to the Successor Rate or the Alternative Rate (as the case may be).

(iv) Benchmark Amendments

If any Successor Rate or Alternative Rate and, in either case, the applicable Adjustment Spread is determined in accordance with this Condition 4(1) and the Issuer, following consultation with the Independent Adviser, determines (i) that amendments to these Conditions, the Agency Agreement and/or the Trust Deed are necessary to ensure the proper operation of such Successor Rate or Alternative Rate and/or (in either case) the applicable Adjustment Spread (such amendments, the “**Benchmark Amendments**”) and (ii) the terms of the Benchmark Amendments, then the Issuer shall, subject to giving notice thereof in accordance with Condition 4(1)(v), without any requirement for the consent or approval of Noteholders, vary these Conditions, the Agency Agreement and/or the Trust Deed to give effect to such Benchmark Amendments with effect from the date specified in such notice.

At the request of the Issuer, but subject to receipt by the Trustee, the Paying Agents and the Calculation Agent of a certificate signed by two Directors pursuant to Condition 4(1)(v), the Trustee and, if applicable, the Agents shall (at the expense of the Issuer), without any requirement for the consent or approval of the Noteholders, be obliged to concur with the Issuer in effecting any Benchmark Amendments (including, *inter alia*, by the execution of a deed supplemental to or amending the Trust Deed and/or an agreement supplementing or amending the Agency Agreement), provided that neither the Trustee nor any Agent shall be obliged so to concur if in the opinion of the Trustee or that Agent doing so would impose more onerous obligations upon it or expose it to any additional duties, responsibilities or liabilities or reduce or amend the protective provisions afforded to it in these Conditions or the Trust Deed or the Agency Agreement (including, for the avoidance of doubt, any supplemental trust deed or supplemental agency agreement) in any way.

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

Notwithstanding any other provision of this Condition 4(l), no Successor Rate or Alternative Rate will be adopted, nor will the applicable Adjustment Spread be applied, nor will any Benchmark Amendments be made, if and to the extent that, in the determination of the Issuer, the same could reasonably be expected to prejudice the qualification of the Notes as Tier 3 Capital.

(v) Notices, etc.

Any Successor Rate, Alternative Rate, Adjustment Spread and the specific terms of any Benchmark Amendments determined under this Condition 4(l) will be notified promptly by the Issuer to the Trustee, the Calculation Agent, the Paying Agents and, in accordance with Condition 16, the Noteholders. Such notice shall be irrevocable and shall specify the effective date of the Benchmark Amendments, if any.

No later than notifying the Noteholders of the same, the Issuer shall deliver to the Trustee, the Calculation Agent and the Paying Agents a certificate signed by two Directors:

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

Each of the Trustee, the Calculation Agent and the Paying Agents shall be entitled to rely on such certificate (without liability to any person) as sufficient evidence thereof. The Successor Rate or Alternative Rate and the Adjustment Spread and the Benchmark Amendments (if any) specified in such certificate will (in the absence of manifest error or bad faith in the determination of the Successor Rate or Alternative Rate and the Adjustment Spread and the Benchmark Amendments (if any) and without prejudice to the Trustee's or the Calculation Agent's or the Paying Agents' ability to rely on such certificate as aforesaid) be binding on the Issuer, the Trustee, the Agents, the Noteholders and the Couponholders.

(vi) Survival of Original Reference Rate

Without prejudice to the obligations of the Issuer under Condition 4(l) (i), (ii), (iii) and (iv), the Original Reference Rate and (where relevant) the provisions of Condition 4(c) or the definitions of Mid-Swap Rate and Reset Reference Bank Rate (as the case may be) and Condition 4(d) will continue to apply (i) unless and until a Benchmark Event has occurred and (ii) if a Benchmark Event has occurred, unless and until the Trustee, the Calculation Agent, the Paying Agents and (in accordance with Condition 16) the Noteholders have been notified of the Successor Rate or Alternative Rate (as applicable), the applicable Adjustment Spread and any Benchmark Amendments determined pursuant to this Condition 4(l).

(vii) Definitions:

As used in this Condition 4(l):

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

- (A) in the case of a Successor Rate, is formally recommended in relation to the replacement of the Original Reference Rate with the Successor Rate by any Relevant Nominating Body; or
- (B) (if no such recommendation has been made under (A) above, or in the case of an Alternative Rate) the Issuer, following consultation with the Independent Adviser, determines is customarily applied to the relevant Successor Rate or the Alternative Rate (as the case may be) in debt capital markets transactions to produce an industry-accepted replacement rate for the Original Reference Rate; or
- (C) (where the Adjustment Spread cannot be determined under (A) or (B) above) the Issuer, following consultation with the Independent Adviser, determines is recognised or acknowledged as being the industry standard for over-the-counter derivative transactions which reference the Original Reference Rate, where such rate has been replaced by the Successor Rate or the Alternative Rate (as the case may be).

“Alternative Rate” means an alternative benchmark or screen rate which the Issuer following consultation with the Independent Adviser determines in accordance with Condition 4(1)(ii) is customarily applied in debt capital markets transactions for the purposes of determining rates of interest (or the relevant component part thereof) in the same Specified Currency as the Notes.

“Benchmark Amendments” has the meaning given to it in Condition 4(1)(iv).

“Benchmark Event” means:

- (A) the Original Reference Rate ceasing to be published for a period of at least 5 Business Days and on an indefinite basis or ceasing to exist; or
- (B) the making of a public statement by the administrator of the Original Reference Rate that it has ceased or that it will cease publishing the Original Reference Rate permanently or indefinitely (in circumstances where no successor administrator has been appointed that will continue publication of the Original Reference Rate); or
- (C) the making of a public statement by the supervisor of the administrator of the Original Reference Rate, that the Original Reference Rate has been or will be permanently or indefinitely discontinued; or
- (D) the making of a public statement by the supervisor of the administrator of the Original Reference Rate as a consequence of which the Original Reference Rate will be prohibited from being used either generally, or in respect of the Notes; or
- (E) the making of a public statement by the supervisor of the administrator of the Original Reference Rate that the Original Reference Rate is or will be (or is or will be deemed by such supervisor to be) no longer representative of its relevant underlying market; or
- (F) it has become unlawful for any Paying Agent, the Calculation Agent or the Issuer to calculate any payments due to be made to any Noteholder using the Original Reference Rate;

provided that the Benchmark Event shall be deemed to occur (a) in the case of sub-paragraphs (B) and (C) above, on the date of the cessation of publication of the Original Reference Rate or the date of the discontinuation of the Original Reference Rate, as the case may be, (b) in the case of sub-paragraph (D) above, on the date of prohibition of use of the Original Reference Rate and (c) in the case of sub-paragraph (E) above, on the date with effect from which the Original Reference Rate will no longer be (or will be deemed by the relevant supervisor to no longer be) representative of its relevant underlying market and which is specified in the relevant public statement, as the case may be, and, in each case, not the date of the relevant public statement (unless those two dates coincide).

“Independent Adviser” means an independent financial institution of international repute or an independent adviser with appropriate expertise appointed by the Issuer under Condition 4(l)(i).

“Original Reference Rate” means the originally-specified benchmark or screen rate (as applicable) used to determine the Rate of Interest (or any component part thereof) on the Notes (and shall, if such originally-specified benchmark or screen rate (or any subsequent Successor Rate or Alternative Rate) has since been replaced with a (or a further) Successor Rate or Alternative Rate as a result of the operation of this Condition 4(l), also be deemed to mean the latest such Successor Rate or Alternative Rate, as the case may be).

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

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

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

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

5 Deferral of Payments

(a) *Optional Deferral of Interest*

If “Optional Interest Payment Date” is specified as being applicable hereon, the Issuer may elect, in respect of any Optional Interest Payment Date, by notice to the Noteholders, the Paying Agents and the Trustee pursuant to Condition 5(f) below, to defer payment of the accrued but unpaid interest up to that

Optional Interest Payment Date (in whole or, if so specified hereon, in part), and in such circumstances the relevant interest payment (or, as applicable, part thereof) shall not fall due on such Optional Interest Payment Date, and the Issuer shall have no obligation to make such payment on that date.

(b) ***Mandatory Deferral of Interest***

Any payment of interest otherwise due on the Notes on an Interest Payment Date will be mandatorily deferred if such Interest Payment Date is a Mandatory Interest Deferral Date. The Issuer shall notify the Trustee, the Paying Agents and the Noteholders in accordance with Condition 5(f) if a Regulatory Deficiency Interest Deferral Event has occurred and is continuing or if a Regulatory Deficiency Interest Deferral Event would occur on the relevant Interest Payment Date if payment of interest were made (provided that, for the avoidance of doubt, any delay in giving or failure to give such notice shall not result in such interest becoming due and payable on the relevant Mandatory Interest Deferral Date, nor constitute a default or event of default under the Notes or the Trust Deed or for any other purpose). A certificate signed by two Directors delivered to the Trustee 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, may be treated and accepted by the Trustee as correct and sufficient evidence thereof and shall if so treated and accepted be binding on the Issuer, the holders of the Notes and the Coupons relating to them 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.

(c) ***No Default***

Notwithstanding any other provision in these Conditions or in the Trust Deed, the deferral of any payment of interest in accordance with this Condition 5 or in accordance with the Solvency Condition will not constitute a default by the Issuer and will not give holders of the Notes or the Coupons or the Trustee any right to accelerate repayment of the Notes or take any other action under the Notes, the Coupons or the Trust Deed.

(d) ***Arrears of Interest***

Any interest in respect of the Notes not paid on an Interest Payment Date as a result of (i) the exercise by the Issuer of its discretion pursuant to Condition 5(a) (if applicable), (ii) the obligation on the Issuer to defer pursuant to Condition 5(b) or (iii) the operation of the Solvency Condition contained in Condition 3(b), together with any other interest in respect thereof not paid on an earlier Interest Payment Date shall, 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 the Solvency Condition and (to the extent then required by the UK Regulator or the Relevant Rules) to any notifications to, or consent or the provision of non-objection from, the UK Regulator) be paid in whole or in part at any time at the election of the Issuer (provided that at such time a Regulatory Deficiency Interest Deferral Event is not subsisting and would not occur if payment of such Arrears of Interest were made) upon the expiry of not less than 14 days’ notice to such effect given by the Issuer to the Trustee, the Paying Agents and the Noteholders in accordance with Condition 16, and in any event all Arrears of Interest will become due and payable by the Issuer (subject, in the case of (i) and (iii) below, to the Solvency Condition and (to the extent then required by the UK

Regulator or the Relevant Rules) any notifications to, or consent or the provision of non-objection from, the UK Regulator) upon the earliest of the following dates:

- (i) the next Interest Payment Date which is not a Mandatory Interest Deferral Date (as evidenced by delivery of the certificate referred to in Condition 5(b)) and on which a scheduled payment of interest in respect of the Notes (or any part thereof) is made or is required to be made pursuant to these Conditions (other than a voluntary payment of Arrears of Interest); or
- (ii) the date on which an order is made or a resolution is passed for the winding-up of the Issuer (other than an Approved Winding-up) or the date on which any administrator of the Issuer gives notice that it intends to declare and distribute a dividend; or
- (iii) the date fixed for any redemption or purchase of Notes by the Issuer pursuant to Condition 6 (subject to any deferral of such redemption date pursuant to the Solvency Condition or Condition 6(b)) or Conditions 3(a) and 10.

If either of the events set out in Condition 5(e)(i) or (iii) occurs the Issuer promptly shall give notice to the Trustee, the Issuing and Paying Agent and the Noteholders in accordance with Condition 16.

(f) ***Notice of Deferral***

The Issuer shall notify the Trustee, the Paying Agents and the Noteholders in writing in accordance with Condition 16 not less than five Business Days prior to an Interest Payment Date:

- (i) if that Interest Payment Date is an Optional Interest Payment Date in respect of which the Issuer elects to defer interest as provided in Condition 5(a) above (and such notice shall specify the amount of interest to be so deferred and the amount (if any) to be paid on such Optional Interest Payment Date);
- (ii) if that Interest Payment Date is a Mandatory Interest Deferral Date and specifying 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, provided that if a Regulatory Deficiency Interest Deferral Event occurs or is determined to occur (or if a determination that a Regulatory Deficiency Interest Deferral Event would occur if the relevant interest payment were to be made is made) less than five Business Days prior to an Interest Payment Date, the Issuer shall give notice of the interest deferral in accordance with Condition 16 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) and provided further that, for the avoidance of doubt, any delay in giving or failure to give any such notice shall not result in such interest becoming due and payable on the relevant Mandatory Interest Deferral Date or constitute a default under the Notes or the Trust Deed or for any other purpose; or
- (iii) if payment of any interest will not become due on such Interest Payment Date as a result of a failure to satisfy the Solvency Condition, provided that if the circumstances resulting in the Solvency Condition not being satisfied occur, or are determined to occur, less than five Business Days prior to an Interest Payment Date, the Issuer shall give notice of the interest deferral in accordance with Condition 16 as soon as reasonably practicable following the occurrence, or (as the case may be) the determination of the occurrence, of such event (and in either case such notice shall specify that interest will not be paid as a result of the Solvency Condition not being satisfied) and provided further that, for the avoidance of doubt, any delay in giving or failure to give any

such notice shall not result in such interest becoming due and payable on the relevant Interest Payment Date or constitute a default under the Notes or the Trust Deed or for any other purpose.

6 Redemption, Substitution, Variation, Purchase and Options

(a) *Redemption at Maturity*

Subject to Conditions 3(b), 6(b) and 6(j) and to compliance by the Issuer with the requirements of the UK Regulator and the Relevant Rules, including (to the extent then required by the UK Regulator or the Relevant Rules) on notification to, or consent or the provision of non-objection from, the UK Regulator, and provided that such redemption is permitted under the Relevant Rules applicable from time to time to the Issuer (on the basis that the Notes are intended to qualify as Tier 3 Capital of the Issuer and/or the Insurance Group under the Relevant Rules), unless previously redeemed or purchased and cancelled or (pursuant to Condition 6(g)) substituted as provided below, if a Maturity Date is specified hereon, each Note shall be finally redeemed on the Maturity Date specified hereon at its Final Redemption Amount (which, unless otherwise provided hereon, is its principal amount), together with any interest accrued to (but excluding) the date of redemption in accordance with these Conditions and any Arrears of Interest.

(b) *Deferral of redemption date*

- (i) No Notes shall be redeemed on the Maturity Date (if applicable) pursuant to Condition 6(a) or redeemed prior to the Maturity Date (if applicable) pursuant to Condition 6(c), 6(d), 6(e), 6(f) or 6(i) or purchased pursuant to Condition 6(h) if a Regulatory Deficiency Redemption Deferral Event has occurred and is continuing or would occur if redemption or purchase were made on, if Condition 6(a) applies, the Maturity Date or, if Condition 6(c), 6(d), 6(e), 6(f) or 6(i) applies, any date specified for redemption in accordance with such Conditions or, if Condition 6(h) applies, the date of such purchase.
- (ii) If the Notes are not to be redeemed on the Maturity Date (if applicable) pursuant to Condition 6(a) or on any redemption date pursuant to Condition 6(c), 6(d), 6(e), 6(f) or 6(i) (as applicable) 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 redeemed on such date;
 - (B) the Solvency Condition would not be satisfied on such date or immediately after the redemption; and/or
 - (C) the UK Regulator does not consent to the redemption (to the extent that consent is then required by the UK Regulator or the Relevant Rules) or the UK Regulator objects to the redemption or such redemption otherwise cannot be effected in compliance with the Relevant Rules on such date,

the Issuer shall notify the Trustee and the Issuing and Paying Agent in writing and notify the Noteholders in accordance with Condition 16 no later than five Business Days prior to the Maturity Date (if applicable) or the date specified for redemption in accordance with Condition 6(c), 6(d), 6(e), 6(f) or 6(i), as applicable, (or as soon as reasonably practicable if the relevant circumstance requiring redemption to be deferred arises, or is determined, less than five Business Days prior to the relevant redemption date).

Failure to make, or any delay in making, any such notification shall not cause the Notes to become due and payable on such date and the Issuer shall not have any obligation to redeem the Notes

(or make any redemption payment in respect of the Notes) on that date, nor shall such failure or delay constitute a default under the Notes or the Trust Deed or for any other purpose.

- (iii) If redemption of the Notes does not occur on the Maturity Date (if applicable) or, as appropriate, the date specified in the notice of redemption by the Issuer under Condition 6(c), 6(d), 6(e), 6(f) or 6(i) as a result of Condition 6(b)(i) above or because the UK Regulator does not consent to the redemption (to the extent that consent is then required by the UK Regulator or the Relevant Rules) or the UK Regulator objects to the redemption or such redemption otherwise cannot be effected in compliance with the Relevant Rules on such date, then subject (in the case of (A) and (B) below only) to the Solvency Condition and (to the extent then required by the UK Regulator or the Relevant Rules) to any notifications to, or consent or the provision of non-objection from, the UK Regulator, such Notes shall be redeemed at their Final Redemption Amount (which, unless otherwise provided hereon, shall be their principal amount) or, as applicable, the relevant price specified in Condition 6(c), 6(d), 6(e) or 6(f) (or otherwise specified hereon), together with accrued and unpaid interest to (but excluding) the date fixed for redemption and any Arrears of Interest, upon the earliest of:
 - (A) in the case of a failure to redeem due to the operation of Condition 6(b)(i) only, the date falling 10 Business Days after the date the Regulatory Deficiency Redemption Deferral Event has ceased (unless, on such tenth Business Day, a further Regulatory Deficiency Redemption Deferral Event has occurred and is continuing or redemption of the Notes on such date would result in a Regulatory Deficiency Redemption Deferral Event occurring, in which case the provisions of this Condition 6(b) shall apply *mutatis mutandis* to determine the due date for redemption of the Notes); or
 - (B) the date falling 10 Business Days after the UK Regulator has agreed to the repayment or redemption of the Notes (where such approval is required under the Relevant Rules); or
 - (C) the date on which an order is made or a resolution is passed for the winding-up of the Issuer (other than an Approved Winding-up) or the date on which any administrator of the Issuer gives notice that it intends to declare and distribute a dividend.
- (iv) If Condition 6(b)(i) does not apply, but redemption of the Notes does not occur on the Maturity Date (if applicable) or, as appropriate, the date specified for redemption in accordance with Condition 6(c), 6(d), 6(e), 6(f) or 6(i) as a result of the Solvency Condition not being satisfied at such time and immediately after such payment, then subject (to the extent then required by the UK Regulator or the Relevant Rules) to any notifications to, or consent or the provision of non-objection from, the UK Regulator, such Notes shall be redeemed at their Final Redemption Amount (which, unless otherwise provided hereon, shall be their principal amount) or, as applicable, the relevant price specified in Condition 6(c), 6(d), 6(e), 6(f) or 6(i) (or otherwise specified hereon), together with accrued and unpaid interest to (but excluding) the date fixed for redemption and any Arrears of Interest, on the tenth Business Day immediately following the day that (a) the Issuer is solvent for the purposes of the Solvency Condition, and (b) redemption of the Notes would not result in the Issuer ceasing to be solvent for the purposes of the Solvency Condition, provided that, if, on such tenth Business Day specified for redemption, a Regulatory Deficiency Redemption Deferral Event has occurred and is continuing, or would occur if the Notes were to be redeemed, or if the Solvency Condition would not be satisfied on such date and immediately after the redemption, then the Notes shall not be redeemed on such date and Condition 6(b)(i), Condition 6(b)(ii) and Condition 6(b)(iii) (if such further deferral is due to a Regulatory Deficiency Redemption Deferral Event) or Condition 3(b) and this Condition 6(b)(iv)

(if such further deferral is due to the operation of the Solvency Condition) shall apply *mutatis mutandis* to determine the date of the redemption of the Notes.

- (v) A certificate signed by two Directors delivered to the Trustee 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 any circumstance described in Condition 6(b)(ii)(B) or (C) applies, may be treated and accepted by the Trustee (and, if so treated and accepted by the Trustee, shall be so treated and accepted by, and binding on, the Noteholders, Couponholders and all other interested parties) as correct and sufficient evidence thereof and the Trustee shall be entitled to rely on such certificate without liability to any person.
- (vi) Notwithstanding any other provision in these Conditions or in the Trust Deed, the deferral of redemption of the Notes in accordance with the Solvency Condition or this Condition 6(b) will not constitute a default by the Issuer and will not give Noteholders, Couponholders or the Trustee any right to accelerate the Notes or take any enforcement action under the Notes or the Trust Deed.
- (vii) In circumstances where redemption of the Notes has been deferred, the Issuer shall, as soon as reasonably practicable following its determination of the new scheduled redemption date in accordance with this Condition 6(b), give notice to the Trustee and to the Noteholders in accordance with Condition 16 of the new scheduled redemption date (but this shall be without prejudice to further deferral of redemption on such date in the circumstances required by these Conditions).

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

Unless the Issuer shall have given notice to redeem the Notes under Condition 6(d), 6(e), 6(f) or 6(i), and if "Issuer Call Option" is specified hereon, the Issuer may at its option, subject to the Solvency Condition and Conditions 6(b) and 6(j) and having given not less than 15 nor more than 30 days' notice (or such other notice period as may be specified hereon) to the Trustee, the Issuing and Paying Agent, in the case of Registered Notes, the Registrar and, in accordance with Condition 16, the Noteholders (which notice shall specify the date set for redemption and shall, subject as aforesaid, be irrevocable) redeem all or, if so specified hereon, some only of the Notes on any Optional Redemption Date specified hereon.

Any such redemption of Notes shall be at their Optional Redemption Amount (which, unless otherwise specified hereon, shall be their principal amount) together with any accrued and unpaid interest to (but excluding) the date fixed for redemption in accordance with these Conditions and any Arrears of Interest.

All Notes in respect of which any such notice is given shall, subject to Conditions 3(b), 6(b) and 6(j) be redeemed on the date specified in such notice in accordance with this Condition 6(c).

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

If, prior to the giving of the notice referred to below in this Condition 6(d), a Tax Event has occurred and is continuing, then the Issuer may, subject to the Solvency Condition and Conditions 6(b) and 6(j) and having given not less than 15 nor more than 60 days' notice (or such other notice period which may be specified hereon) to the Noteholders in accordance with Condition 16, the Trustee, and the Issuing and Paying Agent (which notice shall specify the date set for redemption and shall, subject as aforesaid, be irrevocable), elect to redeem in accordance with these Conditions all (but not some only) of the Notes, at any time or, if and for so long as the Note is a Floating Rate Note, on any Interest Payment Date, at

their Special Redemption Price (which, unless otherwise specified hereon, shall be their principal amount) together with any accrued and unpaid interest to (but excluding) the date fixed for redemption in accordance with these Conditions and any Arrears of Interest.

Subject to Conditions 3(b), 6(b) and 6(j), upon the expiry of such notice the Issuer shall redeem the Notes.

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

If, prior to the giving of the notice referred to below in this Condition 6(e), a Capital Disqualification Event has occurred and is continuing or, 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), a Capital Disqualification Event will occur within the forthcoming period of six months, then the Issuer may, subject to the Solvency Condition and Conditions 6(b) and 6(j) and having given not less than 15 nor more than 60 days' notice (or such other notice period which may be specified hereon) to the Noteholders in accordance with Condition 16, the Trustee, and the Issuing and Paying Agent (which notice may be given at any time up to and including the anniversary of the occurrence of such Capital Disqualification Event, shall specify the date set for redemption and shall, subject as aforesaid, be irrevocable), elect to redeem in accordance with these Conditions all (but not some only) of the Notes, at any time or, if and for so long as the Note is a Floating Rate Note, on any Interest Payment Date, at their Special Redemption Price (which, unless otherwise specified hereon, shall be their principal amount) together with any accrued and unpaid interest to (but excluding) the date fixed for redemption in accordance with these Conditions and any Arrears of Interest.

Subject to Conditions 3(b), 6(b) and 6(j), upon the expiry of such notice the Issuer shall redeem the Notes.

(f) ***Redemption for Rating Reasons***

If "Ratings Methodology Call" is specified hereon, and if, prior to the giving of the notice referred to below in this Condition 6(f), a Ratings Methodology Event has occurred or, as a result of any change in, or amendment or clarification to, or any change in the application or official interpretation of, any ratings methodology or other official publication, a Ratings Methodology Event will occur within a period of six months, then the Issuer may, subject to the Solvency Condition and Conditions 6(b) and 6(j) and having given not less than 15 nor more than 60 days' notice (or such other notice period which may be specified hereon) to the Noteholders in accordance with Condition 16, the Trustee and the Issuing and Paying Agent (which notice may be given at any time up to and including the first anniversary of the occurrence of such Ratings Methodology Event (or such other date as is specified hereon) and shall specify the date set for redemption and shall, subject as aforesaid, be irrevocable), elect to redeem in accordance with these Conditions all (but not some only) of the Notes, at any time or, if and for so long as the Note is a Floating Rate Note, on any Interest Payment Date, at their Special Redemption Price (which, unless otherwise specified hereon, shall be their principal amount), together with any accrued and unpaid interest to (but excluding) the date fixed for redemption in accordance with these Conditions and any Arrears of Interest.

Subject to Conditions 3(b), 6(b) and 6(j), upon the expiry of such notice the Issuer shall redeem the Notes.

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

Unless otherwise specified hereon, if a Tax Event, a Capital Disqualification Event or a Ratings Methodology Event has occurred and is continuing, or if a Capital Disqualification Event or a Ratings

Methodology Event will occur within a period of six months as aforesaid, then the Issuer may, subject to Condition 6(j) and having given not less than 15 nor more than 60 days' notice (or such other notice period as is specified hereon) to the Noteholders in accordance with Condition 16, the Trustee and the Issuing and Paying Agent and, in the case of Registered Notes, the Registrar (which notice shall specify the date set for substitution or, as the case may be, variation of the Notes and shall, subject as aforesaid, be irrevocable) but without any requirement for the consent or approval of the Noteholders or Couponholders, at any time either substitute all (but not some only) of the Notes for, or vary the terms of the Notes so that they remain or, as appropriate, become, (in the case of a Tax Event or a Capital Disqualification Event) Qualifying Tier 3 Securities or (in the case of a Ratings Methodology Event), Rating Agency Compliant Securities, and the Trustee shall (subject to the following provisions of this Condition 6(g) and subject to the receipt by it of the certificates of the Directors referred to in Condition 6(j) below and in the definition of Qualifying Tier 3 Securities or, as appropriate, Rating Agency Compliant Securities) agree to such substitution or variation. Upon the expiry of such notice, the Issuer shall (subject to Condition 6(j)) either vary the terms of or substitute the Notes in accordance with this Condition 6(g), as the case may be.

The Trustee shall (subject to the receipt by it of the certificates of the Directors referred to above and at the expense of the Issuer) use its reasonable endeavours to assist the Issuer in the substitution of the Notes for, or the variation of the terms of the Notes so that they remain, or as appropriate, become, Qualifying Tier 3 Securities or, as appropriate, Rating Agency Compliant Securities, provided that the Trustee shall not be obliged to participate in, or assist with, any such substitution or variation if the terms of the proposed alternative Qualifying Tier 3 Securities or, as appropriate, Rating Agency Compliant Securities or the participation in or assistance with such substitution or variation would impose, in the Trustee's opinion, more onerous obligations upon it or expose it to liabilities or reduce its protections. If, notwithstanding the above, the Trustee does not participate or assist as provided above, the Issuer may, subject as provided above, redeem the Notes at times and in the manner provided in, as appropriate, Condition 6(d), 6(e) or 6(f), or as provided in Condition 6(c).

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

(h) ***Purchases***

Subject to the Solvency Condition and Conditions 6(b) and 6(j), the Issuer and any of the Issuer's Subsidiaries may at any time purchase Notes (provided that, if the Notes are Bearer Notes, all unmatured Coupons and unexchanged Talons relating thereto are attached thereto or surrendered therewith) in any manner and at any price.

(i) ***Clean-up redemption at the option of the Issuer***

If "Issuer Clean-up Call" is specified as being applicable hereon, and if at any time after the Issue Date 80 per cent. or more of the aggregate principal amount of the Notes originally issued (and, for these purposes, any Further Notes will be deemed to have been originally issued) has been purchased by the Issuer or any of its Subsidiaries and cancelled, then the Issuer may, subject to the Solvency Condition and Conditions 6(b) and 6(j) and having given not less than 15 nor more than 30 days' notice (or such other notice period as may be specified hereon) to the Trustee, the Issuing and Paying Agent, in the case of Registered Notes, the Registrar and, in accordance with Condition 16, the Noteholders (which notice shall specify the date set for redemption and shall, subject as aforesaid, be irrevocable), redeem in accordance with these Conditions all, but not some only, of the Notes at the Clean-up Redemption Price (which, unless otherwise specified in the relevant Pricing Supplement, shall be their principal amount),

together with any Arrears of Interest and any other accrued and unpaid interest to (but excluding) the date of redemption.

Subject to the Solvency Condition and Conditions 6(b) and 6(j), upon expiry of such notice the Issuer shall redeem the Notes.

(j) ***Pre-conditions to Redemption, Substitution, Variation or Purchase***

Any redemption, substitution, variation or purchase of the Notes is subject, as applicable and to the extent then required by the UK Regulator or to the Relevant Rules, to:

- (i) the Issuer having complied with all relevant legal or regulatory requirements, including (to the extent then required by the UK Regulator or the Relevant Rules) rules on notification to, or consent or the provision of non-objection from, the UK Regulator;
- (ii) the Issuer being in continued compliance with the Regulatory Capital Requirements applicable to it at the relevant time;
- (iii) in the case of any redemption or purchase prior to the fifth anniversary of the Specified Date either:
 - (a) to such redemption or purchase being funded out of the proceeds of a new issuance of, or the Notes being exchanged into, own funds of the same or higher quality than the Notes and being otherwise permitted under the Relevant Rules; or
 - (b) in the case of a redemption pursuant to either Condition 6(d) or Condition 6(e), the Issuer having demonstrated to the satisfaction of the UK Regulator that the Solvency Capital Requirement immediately after the relevant redemption would be exceeded by an appropriate margin (taking in to account the solvency position of the Issuer and the Insurance Group, including by reference to the Issuer's and the Insurance Group's medium-term capital management plans); and
 - (A) in the case of any such redemption due to the occurrence of a Tax Event, the Issuer having demonstrated to the satisfaction of the UK Regulator that the applicable change in tax treatment is material; or
 - (B) in the case of any such redemption due to the occurrence of a Capital Disqualification Event, the UK Regulator considering that the relevant change in the regulatory classification of the Notes is sufficiently certain; and
 - (C) in either case, the Issuer having demonstrated to the satisfaction of the UK Regulator that such change was not reasonably foreseeable as at the Specified Date;
 - (c) such redemption, substitution, variation or purchase being otherwise permitted under the Relevant Rules.

Notwithstanding the above conditions, if, at the time of any redemption, substitution, variation or purchase, 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 6(j), the Issuer shall comply with such other and/or, as appropriate, additional pre-condition(s).

Prior to the publication of any notice of substitution, variation or redemption pursuant to this Condition 6 (other than redemption pursuant to Condition 6(c)), the Issuer shall deliver to the Trustee:

- (i) a certificate signed by two Directors stating that (1) the relevant requirements or circumstances giving rise to the right to redeem, substitute or, as appropriate, vary is satisfied, (2) in the case of a substitution or variation, that the terms of the relevant Qualifying Tier 3 Securities or, as appropriate, Rating Agency Compliant Securities comply with the definition thereof in Condition 18, and (3) in the case of any redemption prior to the fifth anniversary of the Specified Date due to the occurrence of a Tax Event or a Capital Disqualification Event, that the applicable change in tax treatment or, as the case may be, regulatory classification was not reasonably foreseeable as at the Specified Date; and
- (ii) in the case of a redemption pursuant to Condition 6(d) only, an opinion from a nationally recognised law firm or other tax adviser in the UK experienced in such matters to the effect that the relevant requirement or circumstance referred to in any of paragraphs (i) to (iii) (inclusive) of the definition of “Tax Event” applies (but, for the avoidance of doubt, such opinion shall not be required to comment on the ability of the Issuer to avoid such circumstance by taking measures reasonably available to it). The Trustee shall be entitled to accept (and if so treated and accepted by the Trustee, shall be so treated and accepted by the Noteholders and Couponholders) such certificate and, where applicable, opinion as sufficient evidence of the satisfaction of the relevant conditions precedent in which event it shall be conclusive and binding on the Trustee and the Noteholders and Couponholders.

(k) ***Cancellation***

All Notes purchased by or on behalf of the Issuer or any Subsidiary of the Issuer may (subject to any requirements of the UK Regulator or the Relevant Rules, if applicable) be held, reissued, resold or surrendered for cancellation, in the case of Bearer Notes, by surrendering each such Note together with all unmatured Coupons and all unexchanged Talons to the Issuing and Paying Agent and, in the case of Registered Notes, by surrendering the Certificate representing such Notes to the Registrar and, in each case, if so surrendered, shall, together with all Notes redeemed by the Issuer, be cancelled promptly (together with all unmatured Coupons and unexchanged Talons attached thereto or surrendered therewith, where applicable). Any Notes so redeemed or surrendered for cancellation may not be reissued or resold and the obligations of the Issuer in respect of any such Notes and Coupons shall be discharged.

(l) ***Trustee not obliged to monitor***

The Trustee shall not be under any duty to monitor whether any event or circumstance has happened or exists for the purposes of this Condition 6 and will not be responsible to Noteholders or the Couponholders for any loss arising from any failure by it to do so. Unless and until the Trustee has express notice pursuant to these Conditions or the Trust Deed of the occurrence of any event or circumstance to which this Condition 6 relates, it shall be entitled to assume that no such event or circumstance exists or has arisen.

7 Payments and Talons

(a) ***Bearer Notes***

Payments of principal and interest in respect of Bearer Notes shall, subject as mentioned below, be made against presentation and surrender of the relevant Notes (in the case of all payments of principal and, in the case of interest, as specified in Condition 7(f)(v)) or Coupons (in the case of interest, save as specified in Condition 7(f)(ii)), as the case may be, at the specified office of any Paying Agent outside the U.S. by

transfer to an account denominated in such currency with, a bank in the principal financial centre for such currency or, in the case of euro, in a city in which banks have access to the TARGET System.

(b) ***Registered Notes***

- (i) Payments of principal in respect of Registered Notes shall be made against presentation and surrender of the relevant Certificates at the specified office of any of the Transfer Agents or of the Registrar and in the manner provided in Condition 7(b)(ii) below.
- (ii) Interest on Registered Notes shall be paid to the person shown on the Register at the close of business on the fifteenth day before the due date for payment thereof (the “**Record Date**”). Payments of interest on each Registered Note shall be made in the relevant currency and to the holder (or to the first named of joint holders) of such Note by transfer to an account in the relevant currency maintained by the payee with a bank.

(c) ***Payments in the U.S.***

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

(d) ***Payments subject to Fiscal Laws***

Save as provided in Condition 8, payments will be subject in all cases to any fiscal or other laws, regulations and directives in the place of payment or other laws or regulations to which the Issuer or its Agents agree to be subject and the Issuer will not be liable for any taxes or duties of whatever nature imposed or levied by such laws, regulations, directives or agreements. No commissions or expenses shall be charged to the Noteholders or Couponholders in respect of such payments.

(e) ***Appointment of Agents***

The Issuing and Paying Agent, the Paying Agents, the Registrar, the Transfer Agents and the Calculation Agent initially appointed by the Issuer (for all purposes other than ISDA Determination for Floating Rate Notes, where the Calculation Agent will be specified in the Pricing Supplement, as applicable) and their respective specified offices are listed below. Subject as provided in the Agency Agreement, the Issuing and Paying Agent, the Paying Agents, the Registrar, the Transfer Agents and the Calculation Agent act solely as agents of the Issuer and do not assume any obligation or relationship of agency or trust for or with any Noteholder or Couponholder. The Issuer reserves the right at any time with the prior written approval of the Trustee to vary or terminate the appointment of the Issuing and Paying Agent, any other Paying Agent, the Registrar, any Transfer Agent or the Calculation Agent(s) and to appoint additional or other Paying Agents, Calculation Agents or Transfer Agents, provided that the Issuer shall at all times maintain (i) an Issuing and Paying Agent, (ii) a Registrar in relation to Registered Notes, (iii) a Transfer Agent in relation to Registered Notes, (iv) one or more Calculation Agent(s) where the Conditions so require, and (v) a Paying Agent.

In addition, the Issuer shall forthwith appoint a Paying Agent in New York City in respect of any Bearer Notes denominated in U.S. dollars in the circumstances described in Condition 7(c).

Notice of any such change or any change of any specified office shall promptly be given to the Noteholders in accordance with Condition 16. If any additional Paying Agents are appointed in connection with the Notes, the names of such Paying Agents will be specified hereon.

(f) ***Unmatured Coupons and unexchanged Talons***

- (i) Upon the due date for redemption of Bearer Notes which comprise Fixed Rate Notes (other than any Fixed Rate Notes where the total value of the unmatured coupons appertaining thereto exceeds the nominal amount of such Note) such Notes should be surrendered for payment together with all unmatured Coupons (if any) relating thereto, failing which an amount equal to the face value of each missing unmatured Coupon (or, in the case of payment not being made in full, that proportion of the amount of such missing unmatured Coupon that the sum of principal so paid bears to the total principal due) shall be deducted from the Final Redemption Amount, Optional Redemption Amount, Special Redemption Price or Clean-up Redemption Price as the case may be and as may be provided for hereon, due for payment. Any amount so deducted shall be paid in the manner mentioned above against surrender of such missing Coupon within a period of 10 years from the Relevant Date for the payment of such principal (whether or not such Coupon has become void pursuant to Condition 9).
- (ii) Upon the due date for redemption of any Bearer Note comprising a Fixed to Floating Rate Note, a Fixed Rate Reset Note or a Floating Rate Note or (where the total value of the unmatured coupons exceeds the nominal amount of such Note) a Fixed Rate Note, unmatured Coupons relating to such Note (whether or not attached) shall become void and no payment shall be made in respect of them.
- (iii) Upon the due date for redemption of any Bearer Note, any unexchanged Talon relating to such Note (whether or not attached) shall become void and no Coupon shall be delivered in respect of such Talon.
- (iv) Where any Bearer Note that provides that the relevant unmatured Coupons are to become void upon the due date for redemption of those Notes is presented for redemption without all unmatured Coupons, and where any Bearer Note is presented for redemption without any unexchanged Talon relating to it, redemption shall be made only against the provision of such indemnity as the Issuer may require.
- (v) If the due date for redemption of any Note is not a due date for payment of interest, interest accrued from the preceding due date for payment of interest or the Interest Commencement Date, as the case may be, shall only be payable against presentation (and surrender if appropriate) of the relevant Bearer Note or Certificate representing it, as the case may be. Interest accrued on a Note that only bears interest after its Maturity Date (if one is specified hereon) shall be payable on redemption of such Note against presentation of the relevant Note or Certificate representing it, as the case may be.

(g) ***Talons***

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

(h) ***Non-Business Days***

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

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

8 **Taxation**

All payments of principal, premium and interest (including, without limitation, Arrears of Interest) by or on behalf of the Issuer in respect of the Notes and the Coupons 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 a Relevant Jurisdiction, unless such withholding or deduction is required by law. In that event, the Issuer shall pay such additional amounts in relation to interest and Arrears of Interest (but not principal) as shall result in receipt by the Noteholders and Couponholders of such amounts as would have been received by them in respect of payments of interest and Arrears of Interest had no such withholding or deduction been required, except that no such additional amounts shall be payable with respect to any Note or Coupon:

- (a) ***Other connection:*** held or presented for payment by or on behalf of a holder who is liable to such taxes, duties, assessments or governmental charges in respect of such Note or Coupon by reason of his having some connection with the Relevant Jurisdiction other than the mere holding of the Note or Coupon; or
- (b) ***Lawful avoidance of withholding:*** held or presented for payment by, or by a third party on behalf of, a holder who could lawfully avoid (but has not so avoided) such deduction or withholding by making or procuring that any third party makes a declaration of non-residence or other similar claim for exemption to any relevant tax authority (including, where presentation or surrender is required by these Conditions, in the place where the relevant Note (or the Certificate representing it) or Coupon is presented or surrendered for payment); or
- (c) ***Presentation more than 30 days after the Relevant Date:*** (where presentation or surrender is required by these Conditions) presented or surrendered (or in respect of which the Certificate representing it is presented or surrendered) for payment more than 30 days after the Relevant Date (as defined below) except to the extent that the holder of it would have been entitled to such additional amounts on presenting or surrendering it for payment on the thirtieth day after the Relevant Date; or
- (d) ***Any combination:*** where such withholding or deduction arises out of any combination of paragraphs (a) to (c) above.

As used in these Conditions, “**Relevant Date**” in respect of any Note or Coupon 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 presentation of the Note (or relevant

Certificate) or Coupon being made in accordance with these Conditions, such payment will be made, provided that payment is in fact made upon such presentation.

References in these Conditions to (i) “**principal**” shall be deemed to include any premium payable in respect of the Notes, Final Redemption Amount, Optional Redemption Amount, Special Redemption Price or Clean-up Redemption Price and all other amounts in the nature of principal payable pursuant to Condition 6 or any amendment or supplement to it, (ii) “**interest**” shall be deemed to include all Interest Amounts and all other amounts payable pursuant to Condition 5 or any amendment or supplement to it and any additional amounts that may be payable under this Condition 8 or under any undertakings given in addition to, or in substitution for, it pursuant to the Trust Deed (“**Additional Amounts**”).

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

9 Prescription

Claims against the Issuer for payment in respect of principal, interest and Arrears of Interest payable on the Notes and Coupons (which, for this purpose, shall not include Talons) shall be prescribed and become void unless made within 10 years (in the case of principal) or five years (in the case of interest, including Arrears of Interest) from the appropriate Relevant Date in respect of them.

10 Enforcement

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

Notwithstanding any of the provisions below in this Condition 10, the right to institute winding-up proceedings in respect of the Issuer is limited to circumstances where payment has become due and is not duly paid. Pursuant to Condition 3(b), no principal, interest or any other amount will be due on a scheduled payment date if the Solvency Condition is not or would not be satisfied at the time of and immediately after any such payment. In addition, in the case of any payment of interest (or any part thereof) in respect of the Notes which is deferred pursuant to Condition 5(a) or 5(b), such payment (or, as applicable, the relevant part thereof so deferred) will not be due on the scheduled payment date, and, in the case of any payment of principal, such payment will be deferred and will not be due on the scheduled payment date if Condition 6(b)(i) applies or the UK Regulator does not consent to the redemption (to the extent that consent is then required by the UK Regulator or the Relevant Rules), the UK Regulator objects to the redemption or such redemption otherwise cannot be effected in compliance with the Relevant Rules on such date.

If:

- (i) a default is made for a period of 14 days (i) or more in the payment of any interest (including, without limitation, Arrears of Interest and any other amount due in respect of the Notes) or principal due in respect of the Notes or any of them; or

- (ii) a winding-up of the Issuer (other than an Approved Winding-up) occurs or an administrator of the Issuer is appointed and the administrator has given notice that it intends to declare and distribute a dividend,

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

- (A) in the case of Condition 10(a)(i), institute proceedings for the winding-up of the Issuer; and
- (B) in the case of each of Condition 10(a)(i) and Condition 10(a)(ii), prove in the winding-up or administration of the Issuer and/or claim in the liquidation of the Issuer (such claim being for such amount, and being subordinated in the manner, as is provided in Condition 3),

but (in either case) may take no further or other action to enforce, prove or claim for any payment by the Issuer in respect of the Notes, Coupons or the Trust Deed.

No payment in respect of the Notes, Coupons or the Trust Deed may be made by the Issuer pursuant to this Condition 10(a), nor will the Trustee accept the same, otherwise than during or after a winding-up of the Issuer or after an administrator of the Issuer has given notice that it intends to declare and distribute a dividend, unless the Issuer has given prior written notice (with a copy to the Trustee) to, and received consent or the provision of non-objection from, the UK Regulator, which the Issuer shall confirm in writing to the Trustee and upon which the Trustee may rely conclusively without liability to any person.

(b) ***Enforcement***

Without prejudice to Condition 10(a), the Trustee may, at its discretion and without notice, institute such proceedings or take such steps or actions against the Issuer as it may think fit to enforce any obligation, term, condition or provision binding on the Issuer under the Trust Deed or the Notes (other than any payment obligation of the Issuer under or arising from the Notes, the Coupons or the Trust Deed, including, without limitation, payment of any principal or interest (including, without limitation, Arrears of Interest) in respect of the Notes and any damages awarded for breach of any obligations, but excluding any obligation of the Issuer to make payments to the Trustee acting on its own account under the Trust Deed in respect of its costs, expenses, liabilities or remuneration) but in no event shall the Issuer, 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 10(b) shall, subject to Condition 10(a), prevent the Trustee instituting proceedings for the winding-up of the Issuer, proving in any winding-up or administration of the Issuer and/or claiming in any liquidation of the Issuer in respect of any payment obligations of the Issuer arising from the Notes, the Coupons or the Trust Deed (including, without limitation, payment of any principal or interest (including, without limitation, Arrears of Interest) in respect of the Notes and any damages awarded for any breach of any obligations under the Notes or the Trust Deed).

(c) ***Entitlement of Trustee***

The Trustee shall not be bound to take any of the actions, steps or proceedings referred to in Condition 10(a) or 10(b) above against the Issuer to enforce the terms of the Trust Deed, the Notes or the Coupons 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-quarter 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.

(d) ***Right of Noteholders and Couponholders***

No Noteholder or Couponholder shall be entitled to proceed directly against the Issuer or to institute proceedings for the winding-up of the Issuer or prove or claim in the liquidation, winding-up or administration of the Issuer unless the Trustee, having become so bound to proceed, is unable or fails to do so within 60 days and such failure or inability (as applicable) shall be continuing, in which case, the Noteholders and Couponholders shall have only such rights against the Issuer as those which the Trustee is entitled to exercise in respect of such Notes or Coupons as set out in this Condition 10.

(e) ***Extent of Noteholders' and Couponholders' remedies***

No remedy against the Issuer, other than as referred to in this Condition 10, shall be available to the Trustee, the Noteholders or the Couponholders, whether for the recovery of amounts owing in respect of the Notes, the Coupons or under the Trust Deed or in respect of any breach by the Issuer of any of its other obligations under or in respect of the Notes or the Coupons or under the Trust Deed.

11 Meetings of Noteholders, Modification, Waiver and Substitution

(a) ***Meetings of Noteholders***

The Trust Deed contains provisions for convening meetings of Noteholders (including by way of conference call or videoconference) to consider any matter affecting their interests, including the modification or abrogation by Extraordinary Resolution (as defined in the Trust Deed) of any of these Conditions or any of the provisions of the Trust Deed. Such a meeting may be convened by the Issuer, the Trustee or Noteholders holding not less than 10 per cent. in nominal amount of the Notes for the time being outstanding. The quorum at any meeting convened to consider an Extraordinary Resolution shall be one or more persons holding or representing a clear majority in nominal amount of the Notes for the time being outstanding, or at any adjourned meeting one or more persons holding or representing Noteholders whatever the nominal amount of the Notes held or represented, unless the business of such meeting includes consideration of proposals, inter alia (i) to amend the dates of maturity or redemption of the Notes or any date for payment of interest or Arrears of Interest on the Notes, (ii) to reduce or cancel the principal amount of the Notes, (iii) to reduce the rate of interest or Arrears of Interest in respect of the Notes or to vary the method or basis of calculating the rate or rates or amount of interest or the basis for calculating any interest amount in respect of the Notes, (iv) to vary the circumstances in which interest payments may or shall be deferred (unless such variation reduces the circumstances in which interest payments may or shall be deferred), (v) to vary the currency or currencies of payment or denomination of the Notes, (vi) to take any steps that as specified hereon may only be taken following approval by an Extraordinary Resolution to which the special quorum provisions apply, (vii) to modify the provisions concerning the quorum required at any meeting of Noteholders or the majority required to pass an Extraordinary Resolution, or (viii) to modify Condition 3 (and the provisions of the Trust Deed relating to subordination), in which case the necessary quorum for passing an Extraordinary Resolution will be one or more persons present holding or representing not less than two-thirds, or at any adjourned such meeting not less than one-third, of the nominal amount of the Notes for the time being outstanding. Any Extraordinary Resolution duly passed shall be binding on Noteholders (whether or not they were present at the meeting at which such resolution was passed) and on all Couponholders.

The Trust Deed provides that (i) a resolution in writing signed by or on behalf of the holders of not less than 75 per cent. in nominal amount of the Notes for the time being outstanding (with proof of holdings as set out in the Trust Deed) or (ii) consent to a resolution given by way of electronic consents through the relevant clearing system(s) (in a form satisfactory to the Trustee) by or on behalf of holder(s) of not less than 75 per cent. in nominal amount of the Notes for the time being outstanding who (in either case)

would have been entitled to vote upon such resolution if it had been proposed at a meeting at which they were present, shall, in each case, be effective as an Extraordinary Resolution of the Noteholders. Any resolution in writing may be contained in one document or several documents in the same form, each signed by or on behalf of one or more Noteholders.

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 circumstances described in Condition 4(l) or those relating to substitution or variation of the Notes pursuant to Condition 6(g) or any consequential amendments to these Conditions and/or the Trust Deed approved by the Trustee in connection with a substitution of the Issuer.

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

The Trustee may agree, without the consent of the Noteholders or Couponholders, to (i) any modification of any of these Conditions and the provisions of the Trust Deed or the Agency Agreement that is in the opinion of the Trustee of a formal, minor or technical nature or is made to correct a manifest error or to comply with mandatory provisions of law, and (ii) any other modification (except as mentioned in the Trust Deed), and any waiver or authorisation of any breach or proposed breach, of any of these Conditions and the provisions of the Trust Deed or the Agency Agreement that is, in the opinion of the Trustee, not materially prejudicial to the interests of the Noteholders or (if the Notes are Bearer Notes) Couponholders.

The Trustee may, without the consent of Noteholders or Couponholders, determine that any Event of Default or Potential Event of Default (each as defined in the Trust Deed) should not be treated as such, provided that, in the opinion of the Trustee, the interests of Noteholders and (if the Notes are Bearer Notes) Couponholders are not materially prejudiced thereby.

(c) ***Entitlement of the Trustee***

In connection with any exercise of its functions (including, but not limited to, those referred to in this Condition 11), the Trustee shall have regard to the interests of the Noteholders and Couponholders as a class and the Trustee shall not have regard to the consequences of such exercise for individual Noteholders or Couponholders resulting from their being for any purpose domiciled or resident in, or otherwise connected with, or subject to the jurisdiction of, any particular territory.

In connection with any such exercise as aforesaid, no Noteholder or Couponholder shall be entitled to claim, whether from the Issuer, the Substitute Obligor or the Trustee or any other person, any indemnification or payment in respect of any tax consequence of any such substitution or any such exercise upon any individual Noteholders except to the extent already provided in Condition 8 and/or any undertaking given in addition thereto or in substitution therefor pursuant to the Trust Deed.

Nothing in the Trust Deed or these Conditions (including, without limitation, the provisions of Condition 3 or Condition 10) shall affect or prejudice the payment of the costs, fees, charges, expenses, liabilities or remuneration of the Trustee for its own account under the Trust Deed or the rights and remedies of the Trustee in respect thereof.

(d) ***Notification to the Noteholders***

Any modification, abrogation, waiver, authorisation, determination or substitution pursuant to this Condition 11 shall be binding on the Noteholders and the Couponholders and, unless the Trustee agrees otherwise, shall be notified by the Issuer to the Noteholders as soon as practicable thereafter in accordance with Condition 16.

(e) *Notice to the UK Regulator*

No modification to these Conditions or any other provisions of the Trust Deed shall become effective unless (to the extent then required by the UK Regulator or the Relevant Rules) the Issuer shall have given at least one month's prior written notice to, and received consent or no objection from, the UK Regulator (or such other period of notice as the UK Regulator may from time to time require or accept).

12 Substitution

The Trustee may agree with the Issuer, without the consent of the Noteholders, to the substitution, on a subordinated basis equivalent to that referred to in Condition 3, of the successor in business of the Issuer incorporated in any country in the world (the "**Substitute Obligor**") in place of the Issuer (or any previous Substitute Obligor under this Condition 12) as a new principal debtor under the Trust Deed, the Notes and the Coupons, provided that:

- (a) (without prejudice to the rights of reliance of the Trustee under Condition 12(c)) the Trustee is satisfied that the said substitution is not materially prejudicial to the interests of the Noteholders or (if the Notes are Bearer Notes) Couponholders;
- (b) a trust deed is executed or some other form of undertaking is given by the Substitute Obligor in form and manner satisfactory to the Trustee, agreeing to be bound by the terms of the Trust Deed and the Notes, with any consequential amendments which the Trustee may deem appropriate, as fully as if the Substitute Obligor had been named in the Trust Deed and on the Notes and (if the Notes are Bearer Notes) Coupons, as the principal debtor in place of the Issuer (or of any previous Substitute Obligor, as the case may be);
- (c) two Directors of the Substitute Obligor or other officers acceptable to the Trustee certify that the Substitute Obligor is solvent at the time at which the said substitution is proposed to be effected (and the Trustee may rely absolutely on such certification without further enquiry and without liability to any person and shall not be bound to have regard to the financial position, profits or prospects of the Substitute Obligor or to compare the same with those of the Issuer (or any previous Substitute Obligor under this Condition 12));
- (d) two Directors of the Substitute Obligor certify to the Trustee that such substitution will not give rise to a Tax Event, a Capital Disqualification Event or a Ratings Methodology Event;
- (e) (without prejudice to the generality of Condition 12(a)) the Trustee may, in the event of such substitution, agree, without the consent of the Noteholders or (if the Notes are Bearer Notes) Couponholders, to a change in the law governing the Trust Deed and/or the Notes and (if applicable) Coupons, provided that such change would not, in the opinion of the Trustee, be materially prejudicial to the interests of the Noteholders or (if applicable) Couponholders;
- (f) if the Substitute 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 or any such authority to the taxing jurisdiction of which the Issuer is subject generally (the "**Issuer's Territory**"), the Substitute Obligor will (unless the Trustee otherwise agrees) give to the Trustee an undertaking satisfactory to the Trustee in terms corresponding to Condition 8 with the substitution for, or, as the case may be, the addition to, the references in that Condition and in the definitions of Relevant Jurisdiction, Tax Event and Tax Law Change to the Issuer's Territory of references to the Substituted Territory, whereupon the Trust Deed and the Notes will be read accordingly; and

- (g) the Issuer and the Substitute Obligor comply with such other requirements as are reasonable in the interests of the Noteholders and (if the Notes are Bearer Notes) Couponholders, as the Trustee may direct.

Any substitution pursuant to this Condition 12 shall (i) so long as the Notes are recognised as Tier 3 Capital and to the extent then required by the Relevant Rules, not occur prior to the fifth anniversary of the Specified Date; and (ii) be subject to the Issuer receiving consent or the provision of non-objection from the UK Regulator, and the UK Regulator not having withdrawn its approval, permission or consent, to such act (in any case only if and to the extent then required by the UK Regulator or the Relevant Rules).

Any such substitution shall be binding on the Noteholders and (if the Notes are Bearer Notes) Couponholders and shall be notified to the Noteholders as soon as practicable thereafter in accordance with Condition 16.

13 Indemnification of the Trustee and its Contracting with the Issuer

(a) ***Indemnification and protection 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 Noteholders and the Couponholders, 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***

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 any of the Issuer's Subsidiaries and/or any Substitute Obligor and to act as trustee for the holders of any other securities issued or guaranteed by, or relating to, the Issuer and/or any of the Issuer's Subsidiaries and/or any Substitute Obligor, (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 or Couponholders, 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 the advice, opinion or report of or any information obtained from any lawyer, valuer, accountant (including the auditors of the Issuer), surveyor, banker, broker, auctioneer, or other expert (whether obtained by the Issuer, 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, any Substitute Obligor or any two Directors of the Issuer or of any Substitute 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.

14 Replacement of Notes, Certificates, Coupons and Talons

If a Note, Certificate, Coupon or Talon is lost, stolen, mutilated, defaced or destroyed, it may be replaced, subject to applicable laws, regulations and stock exchange or other relevant authority regulations, at the specified office of the Issuing and Paying Agent (in the case of Bearer Notes, Coupons or Talons) or of the Registrar (in the case of Certificates) or such other Paying Agent or Transfer Agent, as the case may be, as may from time to time be designated by the Issuer for the purpose and notice of whose designation is given to Noteholders, in each case on payment by the claimant of the fees and costs incurred in connection therewith and on such terms as to evidence, security and indemnity (which may provide, *inter alia*, that if the allegedly lost, stolen or destroyed Note, Certificate, Coupon or Talon is subsequently presented for payment or, as the case may be, for exchange for further Coupons, there shall be paid to the Issuer on demand the amount payable by the Issuer in respect of such Notes, Certificates, Coupons or further Coupons) and otherwise as the Issuer may reasonably require. Mutilated or defaced Notes, Certificates, Coupons or Talons must be surrendered before replacements will be issued.

15 Further Issues

The Issuer may from time to time without the consent of the Noteholders or Couponholders create and issue further securities having the same terms and conditions as the Notes in all respects (or in all respects except for the amount and date of the first payment of interest on them and the date from which interest starts to accrue) and so that such further issue shall be consolidated and form a single series with the outstanding securities of any Series (including the Notes). References in these Conditions to the Issue Date shall be to the Issue Date of the first Tranche of Notes of any Series. References in these Conditions to the Notes include (unless the context requires otherwise) any other securities issued pursuant to this Condition 15 and forming a single series with the Notes (“**Further Notes**”). Any further securities forming a single series with the outstanding securities of any Series (including the Notes) constituted by the Trust Deed or any deed supplemental to it shall be constituted by the Trust Deed. The Trust Deed contains provisions for convening a single meeting of the Noteholders and the holders of securities of other Series where the Trustee so decides.

16 Notices

Notices to the holders of Registered Notes shall be valid if mailed to them at their respective addresses in the Register and deemed to be given on the fourth weekday (being a day other than a Saturday or Sunday) after the date of mailing. Notices to the holders of Bearer Notes shall be valid if published in a daily newspaper of general circulation in London (which is expected to be the *Financial Times*). The Issuer shall also ensure that notices are duly published in a manner which complies with the rules and regulations of any stock exchange or any other relevant authority on which the Notes are for the time being listed.

If in the opinion of the Trustee any such publication is not practicable, notice shall be validly given if published in another leading daily English language newspaper with general circulation in Europe. Any such notice shall be deemed to have been given on the date of such publication or, if published more than once or on different dates, on the first date on which publication is made, as provided above. The Trustee shall be at liberty to sanction any other method of giving notice to the Noteholders if, in its sole opinion, such other method is reasonable having regard to market practice then prevailing and to the requirements of the stock exchange on which the relevant Notes are then admitted to trading and provided that notice of such other method is given to the Noteholders in such manner as the Trustee shall require.

Couponholders shall be deemed for all purposes to have notice of the contents of any notice given to the holders of Bearer Notes in accordance with this Condition 16.

Notices to be given by any Noteholder shall be in writing and given by lodging the same, together (in the case of any Note in definitive form) with the relative Note or Notes, with the Issuing and Paying Agent (in the case of Bearer Notes) or the Registrar (in the case of Registered Notes).

17 **Contracts (Rights of Third Parties) Act 1999**

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.

18 **Definitions**

As used herein:

“**Additional Amount**” has the meaning given to it in Condition 8;

“**Additional Financial Centres**” has the meaning given to it in the relevant Pricing Supplement;

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

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

“**Approved Winding-up**” means a solvent winding-up of the Issuer solely for the purposes of (i) either a reconstruction or amalgamation of the Issuer, the terms of which reconstruction or amalgamation have previously been approved in writing by the Trustee or by an Extraordinary Resolution, or (ii) a substitution of the Issuer effected in accordance with Condition 12 and clause 16.2 of the Trust Deed, which in the case of either (i) or (ii), do not provide that the Notes shall thereby become payable;

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

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

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

“**Calculation Agent(s)**” has the meaning given in the preamble to these Conditions or, in the case of Condition 4(c)(iii)(A), as defined therein;

a “**Capital Disqualification Event**” shall be deemed to have occurred if at any time, as a result of any change to (or change to the interpretation by any court or authority entitled to do so of) the Relevant Rules, which change has occurred or which the UK Regulator considers to be sufficiently certain, the whole or any part of the principal amount of the Notes is excluded from counting as Tier 3 Capital for the purposes of the Issuer or the Insurance Group as a whole, 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 (other than a limitation derived from any transitional or grandfathering provisions under the Relevant Rules);

“**Certificates**” has the meaning given in Condition 1;

“**Clean-up Redemption Price**” has the meaning given to it in the relevant Pricing Supplement;

“**Compulsory Interest Payment Date**” means any Interest Payment Date (i) in respect of which during the immediately preceding six month period a Compulsory Interest Payment Event has occurred; (ii) on which the

relevant interest payment can be made in compliance with the Solvency Condition; and (iii) which is not a Mandatory Interest Deferral Date;

“Compulsory Interest Payment Event” means:

- (a) any declaration, payment or making of a dividend or distribution by the Issuer to its ordinary shareholders; or
- (b) any declaration, payment or making of a dividend, distribution or coupon on any other Junior Obligations or Pari Passu Obligations, except where such dividend, distribution or coupon was required to be declared, paid or made under, or in accordance with, the terms of such Junior Obligations or Pari Passu Obligations; or
- (c) any repurchase by the Issuer of any of its ordinary shares for cash, provided such repurchase is not made in the ordinary course of business of the Issuer in connection with any share option scheme or share ownership scheme for management or employees of the Issuer or management or employees of affiliates of the Issuer; or
- (d) any redemption or purchase by the Issuer or any Subsidiary of the Issuer of any other Junior Obligations or any Pari Passu Obligations for cash, except a redemption required to be effected under, or in accordance with, the terms of such Junior Obligations or Pari Passu Obligations,

provided that if at any time, and for so long as, the existence of any of the Compulsory Interest Payment Events at paragraphs (a) to (d) (each inclusive) above would result in the Notes or any part thereof ceasing to be eligible to qualify as Tier 3 Capital under the Relevant Rules, the provisions of each of those paragraphs which would cause such result shall have no effect and the relevant circumstances described in such provisions shall not constitute a Compulsory Interest Payment Event;

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

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

“Directors” means the directors of the Issuer or a Substitute Obligor (as the case may be) from time to time;

“Euronext Dublin” means The Irish Stock Exchange plc, trading as Euronext Dublin;

“European Economic Area” or **“EEA”** means the countries comprising the European Union together with Norway, Liechtenstein and Iceland;

“EUWA” means the European Union (Withdrawal) Act 2018;

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

“Final Redemption Amount” has the meaning given to it in the relevant Pricing Supplement;

In setting the Final Redemption Amount the Issuer shall have consideration to the limitations set out in any Relevant Rules.

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

“Global Exchange Market” means Euronext Dublin’s Global Exchange Market;

“Group Insurance Undertaking” means an insurance undertaking or reinsurance undertaking whose data is included for the purposes of the calculation of the Solvency Capital Requirement of the Insurance Group pursuant to the Relevant Rules;

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

“Insolvent Insurer Winding-up” means:

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

in each case where the Issuer has determined, acting reasonably, that all Policyholder Claims of the policyholders or beneficiaries under contracts of insurance and reinsurance of that Group Insurance Undertaking may or will not be met in full;

“Insurance Group” means, at any time, the Insurance Group Parent Entity and its Subsidiaries at such time;

“Insurance Group Parent Entity” means Rothesay Limited or, if the Issuer has an ultimate insurance holding company that is subject to consolidated supervision by a United Kingdom regulatory authority for the purposes of the Relevant Rules, such ultimate insurance holding company;

As at 5 May 2023, the Insurance Group Parent Entity is Rothesay Limited.

“insurance holding company” has the meaning given to it in the Relevant Rules;

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

“Interest Basis” has the meaning given to it in the relevant Pricing Supplement;

“Interest Commencement Date” has the meaning given to it in the relevant Pricing Supplement;

“Issue Date” means the date of issue of the Notes (or, if applicable, the first Tranche of the Notes) as specified hereon;

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

“Issuing and Paying Agent” has the meaning given in the preamble to these Conditions;

“Junior Obligations” has the meaning given to it in Condition 3;

“Level 2 Regulations” means the Commission Delegated Regulation (EU) No. 2015/35 of 10 October 2014 supplementing Directive 2009/138/EC of the European Parliament and of the Council of the European Union on the taking-up and pursuit of the business of insurance and reinsurance (Solvency II) (as amended by Commission Delegated Regulation (EU) 2019/981 of 8 March 2019);

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

“Mandatory 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;

“Maturity Date” has the meaning given to it in the relevant Pricing Supplement (such date being specified as being no earlier than the fifth anniversary of the Specified Date);

“Maximum Rate of Interest” has the meaning given to it in the relevant Pricing Supplement;

“Member State” means a member of the EEA;

“Minimum Capital Requirement” means the Minimum Capital Requirement of the Issuer, the minimum consolidated group Solvency Capital Requirement or other minimum capital requirements relating to the Issuer or the Insurance Group (as applicable) referred to in the Relevant Rules;

“**Minimum Rate of Interest**” has the meaning given to it in the relevant Pricing Supplement;

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

“**Optional Interest Payment Date**” means any Interest Payment Date that is neither a Compulsory Interest Payment Date nor a Mandatory Interest Deferral Date;

“**Optional Redemption Amount**” has the meaning given to it in the relevant Pricing Supplement (such Optional Redemption Amount being an amount per Note at least equal to the principal amount of the relevant Note);

“**Optional Redemption Date**” has the meaning given to it in the relevant Pricing Supplement (such Optional Redemption Date being at least five years after the Specified Date);

“**Pari Passu Creditors**” means creditors of the Issuer whose claims rank, or are expressed by their terms to rank, *pari passu* with the claims of the Noteholders, including (without limitation) holders of *Pari Passu* Obligations;

“**Pari Passu Obligations**” has the meaning given to it in Condition 3;

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

“**Policyholder Claims**” means claims of policyholders or beneficiaries under contracts of insurance or reinsurance in a winding-up, liquidation or administration of a Group Insurance Undertaking to the extent that those claims relate to any debt to which the Group Insurance Undertaking is, or may become, liable to a policyholder or such a beneficiary pursuant to a contract of insurance or reinsurance, including all amounts to which policyholders or such beneficiaries are entitled under applicable legislation or rules relating to the winding-up or administration of insurance companies to reflect any right to receive, or expectation of receiving, benefits which such policyholders or such beneficiaries may have;

“**Proceedings**” has the meaning given to it in Condition 19(b);

“**Qualifying Tier 3 Securities**” means securities issued directly or indirectly by the Issuer that:

- (i) have terms not materially less favourable to an investor than the terms of the Notes (as reasonably determined by the Issuer in consultation with an investment bank, financial institution or independent adviser of recognised standing (which, in either case, is independent of the Issuer), and provided that a certification to such effect (including as to such consultation and in respect of the matters specified in (1) to (7) of paragraph (ii) below) of two Directors shall have been delivered to the Trustee (upon which the Trustee shall be entitled to rely without further enquiry and without liability to any person) prior to the issue or, as appropriate, variation of the relevant securities);
- (ii) (subject to paragraph (i) above) (1) contain terms which comply with the then current requirements of the UK Regulator in relation to Tier 3 Capital, (2) bear the same Interest Rate from time to time, and preserve the Interest Payment Dates; (3) rank senior to, or *pari passu* with, the ranking of the Notes; (4) provide for the same Maturity Date (if applicable) and preserve the obligations (including the obligations arising from the exercise of any right) of the Issuer as to redemption of the Notes, including (without limitation) as to timing of, and amounts payable upon, such redemption, but provided that such Qualifying Tier 3 Securities may not be redeemed by the Issuer prior to the Maturity Date (if applicable) (save for redemption, substitution or variation on terms analogous with the terms of Condition 6(c), 6(d), 6(e), 6(f), 6(g) or 6(i) and subject to the same conditions as those set out in Condition 6(j)); (5) do not contain any term which provides for, requires or entitles the Issuer to effect any principal loss absorption through the write-down of the nominal amount of Qualifying Tier 3 Securities or conversion of such Qualifying Tier 3 Securities into equity; (6) preserve any existing rights under these Conditions to any

accrued interest, any Arrears of Interest and any other amounts which have not been paid; and (7) contain terms providing for deferral of payments of interest and/or principal only if such terms are not materially less favourable to an investor than the deferral provisions contained in the terms of the Notes; and

- (iii) are listed on the Official List of Euronext Dublin and admitted to trading on the Global Exchange Market or are listed and/or admitted to trading on such other regularly operating, internationally recognised stock exchange in the United Kingdom or the EEA as selected by the Issuer and approved by the Trustee, provided that such stock exchange is a Recognised Stock Exchange,

and provided that a certification to the effect of paragraphs (i) and (ii) above (including as to consultation with an independent investment bank or financial adviser of international standing), signed by two Directors, shall have been delivered to the Trustee (upon which the Trustee shall be entitled to rely without further enquiry and without liability to any person) prior to the issue or, as appropriate, variation of the relevant securities;

“**Rating Agency**” means Fitch Ratings Ltd or any affiliate of or successor thereto;

“**Rating Agency Compliant Securities**” means securities which are (i) Qualifying Tier 3 Securities and (ii) assigned substantially the same “equity credit” (or such other nomenclature as may be used by the 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) or, at the absolute discretion of the Issuer, a lower “equity credit” (provided such “equity credit” is still higher than the “equity credit” assigned to the Notes immediately after the occurrence of the Ratings Methodology Event) as that which was (A) first assigned by the Rating Agency (or its predecessor) to the Notes on or around the Issue Date or (B) (if later) as at (or in connection with an issue of Further Notes on) the Specified Date, and provided that a certification to such effect signed by two Directors shall have been delivered to the Trustee prior to the issue or, as appropriate, variation 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 if at any time there occurs a change in (or clarification to) the methodology of the Rating Agency (or in the interpretation of such methodology) after the Specified Date as a result of which the “equity credit” (or such other nomenclature as may be used by the 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 the Rating Agency to the Notes is, as notified by the Rating Agency to the Issuer or as published by the Rating Agency, reduced when compared to (A) the “equity credit” first assigned by the Rating Agency or its predecessor to the Notes on or around the Issue Date or (B) (if this is lower) the lowest “equity credit” assigned by the Rating Agency to the Notes at the time of, or in connection with, any issue of Further Notes pursuant to Condition 15;

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

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

“**Register**” has the meaning given in Condition 1;

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

“**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 UK Regulator pursuant to the Relevant Rules, as any such requirement or rule is in force from time to time;

“Regulatory Deficiency Interest Deferral Event” means any event (including, without limitation, where an Insolvent Insurer Winding-up has occurred and is continuing or any event which causes any Minimum Capital Requirement (including any minimum group Solvency Capital Requirement) applicable to the Issuer or all or part of the Insurance Group (which part includes the Issuer and at least one other member of the Insurance Group) or any insurance undertaking or reinsurance undertaking within the Insurance Group to be breached and 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 means that the Issuer must defer payment of interest (or, if applicable, Arrears of Interest) in respect of the Notes (in order that the Notes qualify, and/or on the basis that the Notes are intended to qualify, as Tier 3 Capital of the Issuer and/or the Insurance Group under the Relevant Rules);

“Regulatory Deficiency Redemption Deferral Event” means any event (including, without limitation, where an Insolvent Insurer Winding-up has occurred and is continuing or any event which causes any Solvency Capital Requirement or Minimum Capital Requirement (including any minimum group Solvency Capital Requirement) applicable to the Issuer or all or part of the Insurance Group (which part includes the Issuer and at least one other member of the Insurance Group) or any insurance undertaking or reinsurance undertaking within the Insurance Group to be breached and 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 means that the Issuer must defer or suspend repayment or redemption of the Notes (in order that the Notes qualify, and/or on the basis that the Notes are intended to qualify, as Tier 3 Capital of the Issuer and/or the Insurance Group under the Relevant Rules);

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

“Relevant Date” has the meaning given in Condition 8;

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

“Relevant Rules” means, at any time, any legislation, rules, regulations or published requirements or expectations of the UK Regulator (whether such rules, regulations, requirements or expectations have the force of law or otherwise) then applying to the Issuer, the Insurance Group Parent Entity or the Insurance Group relating to own funds, capital resources, capital requirements, financial adequacy requirements or other prudential matters (including, but not limited to, the characteristics, features or criteria of any of the foregoing) and without limitation to the foregoing, includes (to the extent then applying as aforesaid) Solvency II and any legislation, rules, regulations or published requirements or expectations of the UK Regulator relating to such matters; and references in these Conditions to any matter, action or condition being required or permitted by, or in accordance with, the Relevant Rules shall be construed in the context of the Relevant Rules as they apply to Tier 3 Capital and on the basis that the Notes are intended to continue to have the characteristics of Tier 3 Capital of the Issuer and the Insurance Group under the Relevant Rules notwithstanding the occurrence of a Capital Disqualification Event;

“Senior Creditors” means:

- (i) creditors of the Issuer who are unsubordinated creditors of the Issuer, including all policyholders of the Issuer (for the avoidance of doubt, the claims of policyholders shall include all amounts to which policyholders are entitled under applicable legislation or rules relating to the winding-up of insurance companies to reflect any right to receive or expectation of receiving benefits which policyholders may have), if any; and
- (ii) other creditors of the Issuer whose claims are, or are expressed by their terms to be, subordinated to the claims of other creditors of the Issuer, other than those whose claims are in respect of instruments or

obligations which constitute, or would but for any applicable limitation on the amount of any such capital constitute, (a) Tier 1 Capital, (b) Tier 2 Capital or (c) Tier 3 Capital (including, without limitation, by virtue of the operation of any grandfathering provisions under any Relevant Rules), or whose claims otherwise rank, or are expressed by their terms to rank, *pari passu* with, or junior to, the claims of the Noteholders;

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

“**Solvency II**” means the United Kingdom transposition of the Solvency II Directive and the Level 2 Regulations, as they each form part of United Kingdom law (including, where relevant, as retained EU law pursuant to the EUWA), as amended from time to time and any additional measures adopted to give effect thereto (whether implemented by way of regulation, guidelines or otherwise);

“**Solvency II Directive**” means Directive 2009/138/EC of the European Parliament and of the Council of the European Union of 25 November 2009 on the taking-up and pursuit of the business of insurance and reinsurance (Solvency II) (as amended);

“**Solvency Capital Requirement**” means the solvency capital requirement of the Issuer or the group solvency capital requirement of the Insurance Group referred to in the Relevant Rules (howsoever described or defined in the Relevant Rules) or any other solvency capital requirement, group solvency capital requirement or any other equivalent capital requirement relating to the Issuer or the Insurance Group (other than the Minimum Capital Requirement) howsoever described or defined in the Relevant Rules;

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

“**Special Redemption Price**” has the meaning given to it in the relevant Pricing Supplement;

“**Specified Date**” means the later of (i) the Issue Date and (ii) the latest date (if any) on which any further Tranche of the Notes have been issued pursuant to Condition 15 and which are consolidated to form a single series with the Notes;

“**Specified Denomination**” has the meaning given to it in the relevant Pricing Supplement;

“**Subsidiary**” has the meaning given to it under Section 1159 of the Companies Act 2006 (as amended from time to time);

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

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

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

- (v) the Notes or the Coupons or any part thereof are treated as a derivative or an embedded derivative for tax purposes in the Relevant Jurisdiction; or
- (vi) the Issuer suffers or would suffer any other material adverse tax consequence in connection with the Notes or the Coupons in the Relevant Jurisdiction,

and, in each such case, the Issuer cannot avoid the foregoing in connection with the Notes or Coupons by taking measures reasonably available to it;

“**Tax Law Change**” means a change in or proposed change in, or amendment or proposed amendment to, the laws or regulations of a Relevant Jurisdiction, including any treaty to which the Relevant Jurisdiction is a party, or any change in the application or official interpretation of such laws, including a decision of any court or tribunal, or any interpretation or pronouncement by any relevant tax authority that provides for a position with respect to such laws or regulations that differs from the previously generally accepted position in relation to similar transactions or which differs from any specific written statements made by a tax authority regarding the anticipated tax treatment of the Notes or the Coupons, which change or amendment becomes, or would become, effective, or in the case of a change or proposed change in law if such change is enacted (or, in the case of a proposed change, is expected to be enacted), on or after the Specified Date;

“**Tier 1 Capital**” has the meaning given to it for the purposes of the Relevant Rules from time to time (including, without limitation, by virtue of the operation of any grandfathering provisions under any Relevant Rules);

“**Tier 2 Capital**” has the meaning given to it for the purposes of the Relevant Rules from time to time (including, without limitation, by virtue of the operation of any grandfathering provisions under any Relevant Rules);

“**Tier 3 Capital**” has the meaning given to it for the purposes of the Relevant Rules from time to time (including, without limitation, by virtue of the operation of any grandfathering provisions under any Relevant Rules);

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

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

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

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

“**UK Regulator**” means the Bank of England acting as the United Kingdom Prudential Regulation Authority through its Prudential Regulation Committee or such successor or other authority having primary supervisory authority with respect to prudential matters in relation to the Issuer and/or the Insurance Group; and

“**United Kingdom**” or “**UK**” means the United Kingdom of Great Britain and Northern Ireland.

19 Governing Law and Jurisdiction

(a) *Governing law*

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

(b) *Jurisdiction*

The courts of England are to have jurisdiction to settle any disputes that may arise out of or in connection with the Trust Deed or the Notes and accordingly any legal action or proceedings arising out of or in connection with the Trust Deed or any Notes (“**Proceedings**”) may be brought in such courts. The Issuer has in the Trust Deed irrevocably submitted to the jurisdiction of the courts of England in respect of any

such Proceedings (but this is without prejudice to the rights of the Trustee or the Noteholders or Couponholders to commence Proceedings in any jurisdiction and/or concurrent Proceedings in one or more jurisdictions to the extent permitted by law).

TERMS AND CONDITIONS OF THE TIER 2 NOTES

The following is the text of the terms and conditions that, subject to completion and as supplemented in accordance with the provisions of Part A of the relevant Pricing Supplement and except for the paragraphs in italics (which are for information purposes only and do not form part of the Terms and Conditions of the Tier 2 Notes), shall be applicable to the Tier 2 Notes in definitive form (if any) issued in exchange for the Global Note(s) or Certificates representing each Series of Tier 2 Notes. The full text of these terms and conditions together with the relevant provisions of Part A of the Pricing Supplement shall be endorsed on such Bearer Notes or on the Certificates relating to such Registered Notes. Accordingly, references in these terms and conditions to provisions “specified hereon” or “specified as such hereon” shall be to the provisions endorsed on the face of the relevant Note or Certificate or set out in the relevant Pricing Supplement. The relevant Pricing Supplement may specify other terms and conditions which shall, to the extent so specified or to the extent inconsistent with these Terms and Conditions, replace or modify these Terms and Conditions for the purposes of the relevant Notes. All capitalised terms that are not defined in these Conditions will have the meanings given to them in Part A of the relevant Pricing Supplement. Those definitions will be endorsed on the definitive Notes or Certificates, as the case may be. These Conditions shall be applicable to those Notes which are specified to be “Tier 2 Notes” in the relevant Pricing Supplement. References in the Conditions to “Notes” are to the Tier 2 Notes of one Series only, not to all Notes that may be issued under the Programme.

This Note is one of the Series (as defined below) of Notes issued by Rothesay Life Plc (the “**Issuer**”) constituted by a trust deed dated 20 April 2022 (as amended and/or supplemented and/or restated from time to time) (the “**Trust Deed**”) between the Issuer and Citicorp Trustee Company Limited (the “**Trustee**”, which expression shall include all persons for the time being the trustee or trustees under the Trust Deed) as trustee for the Noteholders (as defined below). These terms and conditions include summaries of, and are subject to, the detailed provisions of the Trust Deed, which includes the form of the Bearer Notes, Certificates, Coupons and Talons referred to below. An agency agreement dated 20 April 2022 (as amended and/or supplemented and/or restated from time to time, the “**Agency Agreement**”) has been entered into in relation to the Notes between the Issuer, the Trustee, Citibank, N.A., London Branch as initial issuing and paying agent, paying agent, transfer agent and calculation agent and Citibank Europe plc as registrar. The issuing and paying agent, the paying agents, the registrar, the transfer agents and the calculation agent(s) for the time being (if any) are referred to below respectively as the “**Issuing and Paying Agent**”, the “**Paying Agents**” (which expression shall include the Issuing and Paying Agent), the “**Registrar**”, the “**Transfer Agents**” and (unless otherwise set out herein or hereon) the “**Calculation Agent(s)**” (such Issuing and Paying Agent, any other Paying Agents, the Registrar, the Transfer Agents and any Calculation Agent being together referred to as the “**Agents**”). Copies of the Trust Deed and the Agency Agreement are available for inspection (i) during usual business hours and upon reasonable notice at the specified offices of the Paying Agents and the Transfer Agents or (ii) may be provided by email to a Noteholder following its prior written request to the Issuing and Paying Agent, in each case upon provision of proof of holding of Notes and identity (in a form satisfactory to the Issuing and Paying Agent).

The Noteholders and the holders of the interest coupons (the “**Coupons**”) relating to interest-bearing Notes in bearer form and, where applicable, in the case of such Notes, talons for further Coupons (the “**Talons**”) (the “**Couponholders**”) are entitled to the benefit of, are bound by, and are deemed to have notice of, all the provisions of the Trust Deed and are deemed to have notice of those provisions applicable to them of the Agency Agreement. Any reference herein to Coupons shall, unless the context otherwise requires, be deemed to include a reference to Talons.

As used in these Conditions, “**Tranche**” means Notes which are identical in all respects (including as to listing and admission to trading) and “**Series**” means a Tranche of Notes together with any further Tranche or Tranches of Notes which (a) are expressed to be consolidated and form a single series and (b) have the same terms and

conditions or terms and conditions which are the same in all respects save for the amount and date of the first payment of interest thereon and the date from which interest starts to accrue.

References in these Conditions to “Notes” and “Coupons” shall (unless the context otherwise requires) be deemed to be references only to the Notes and (if the Notes are Bearer Notes) Coupons, respectively, of the particular Series (and, if applicable, Tranche) to which such Notes (and Coupons) belong.

1 Form, Denomination and Title

The Notes are issued in bearer form (“**Bearer Notes**”) or in registered form (“**Registered Notes**”) in each case in the Specified Denomination(s) shown hereon provided that in the case of any Notes which are to be admitted to trading on a regulated market in the United Kingdom or within the European Economic Area or offered to the public in a Member State in circumstances which require the publication of a Prospectus under Regulation (EU) 2017/1129, as amended or Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the EUWA (as the case may be), the minimum Specified Denomination shall be €100,000 (or its equivalent in any other currency as at the date of issue of the relevant Notes).

This Note is a Fixed Rate Note, a Fixed to Floating Rate Note, a Fixed Rate Reset Note or a Floating Rate Note or a combination of the foregoing, depending upon the Interest Basis shown hereon.

Bearer Notes are serially numbered and are issued with Coupons (and, where appropriate, a Talon) attached.

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

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

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

2 Transfers of Registered Notes

(a) *Transfer of Registered Notes*

One or more Registered Notes may, subject to Condition 2(e), be transferred upon the surrender (at the specified office of the Registrar or any Transfer Agent) of the Certificate representing such Registered Notes to be transferred, together with the form of transfer (as set out in Schedule 1 to the Trust Deed) endorsed on such Certificate (or another form of transfer substantially in the same form and containing the same representations and certifications (if any), unless otherwise agreed by the Issuer), duly completed and executed and any other evidence as the Registrar or Transfer Agent may reasonably require. In the case of a transfer of part only of a holding of Registered Notes represented by one Certificate, a new Certificate shall be issued to the transferee in respect of the part transferred and a further new Certificate in respect of the balance of the holding not transferred shall be issued to the

transferor. In the case of a transfer of Registered Notes to a person who is already a holder of Registered Notes, a new Certificate representing the enlarged holding shall only be issued against surrender of the Certificate representing the existing holding.

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

In the case of an exercise of an Issuer's option in respect of a holding of Registered Notes represented by a single Certificate or a partial redemption of a holding of Registered Notes represented by a single Certificate, a new Certificate shall be issued to the holder to reflect the exercise of such option or in respect of the balance of the holding not redeemed. New Certificates shall only be issued against surrender of the existing Certificates to the Registrar or any Transfer Agent.

(c) *Delivery of New Certificates*

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

(d) *Transfer Free of Charge*

Transfer of Notes and Certificates on registration, transfer, exercise of an option or partial redemption shall be effected without charge by or on behalf of the Issuer, the Registrar or the Transfer Agents, but upon payment of any tax or other governmental charges by the person submitting such Notes or Certificates that may be imposed in relation to it (or the giving of such indemnity as the Registrar or the relevant Transfer Agent may require).

(e) *Closed Periods*

No Noteholder may require the transfer of a Note (or part thereof) to be registered (i) during the period of 15 days ending on (and including) the due date for any payment of principal in respect of the Notes or ending on any Record Date, (ii) after the Notes have been called for redemption or (iii) during the period following delivery of a notice of a payment of Arrears of Interest in accordance with Condition 5(e) and Condition 16 and ending on the date referred to in such notice as having been fixed for such payment of Arrears of Interest.

(f) *Regulations Concerning Transfers and Registration*

All transfers of Notes and entries on the Register will be made subject to the detailed regulations concerning transfers of Notes scheduled to the Agency Agreement. The regulations may be changed by the Issuer, with the prior written approval of the Registrar and the Trustee. A copy of the current regulations will be made available by the Registrar to any Noteholder upon request.

3 Status

(a) **Ranking**

The Notes and the Coupons relating to them constitute direct, unsecured and subordinated obligations of the Issuer and rank *pari passu* and without any preference among themselves. In the event of the winding-up of the Issuer (other than an Approved Winding-up) or the appointment of an administrator of the Issuer where the administrator has given notice that it intends to declare and distribute a dividend, the rights and claims of the holders of the Notes and Coupons (and the Trustee on their behalf) against the Issuer in respect of, or arising under, each Note shall be for (in lieu of any other payment by the Issuer) an amount equal to the Final Redemption Amount of the relevant Note, together with, to the extent not otherwise included within the foregoing, any other amounts attributable to such Note, including any Arrears of Interest, any other accrued and unpaid interest and any damages awarded for breach of any obligations in respect of such Note, provided, however, that such rights and claims shall be subordinated in the manner provided in the Trust Deed to the claims of all Senior Creditors of the Issuer, but shall rank:

- (i) at least *pari passu* with all other subordinated obligations of the Issuer which constitute, or would but for any applicable limitation on the amount of such capital constitute, Tier 2 Capital and all obligations which rank, or are expressed by their terms to rank, *pari passu* therewith (“**Pari Passu Obligations**”); and
- (ii) in priority to the claims of holders of: (a) all obligations of the Issuer which constitute, or would but for any applicable limitation on the amount of such capital constitute, Tier 1 Capital and all obligations which rank, or are expressed by their terms to rank, *pari passu* therewith (including, without limitation, by virtue of the operation of any grandfathering provisions under any Relevant Rules); and (b) all classes of share capital of the Issuer (together, the “**Junior Obligations**”).

As at 5 May 2023, (i) Tier 2 Capital includes, for so long as any of the same remain outstanding, the Issuer’s £250,000,000 8.00 per cent. Subordinated Notes due 2025 (ISIN: XS1312953596), the Issuer’s £300,000,000 6.05 per cent. Subordinated Notes due 2028 and the Issuer’s £400,000,000 Fixed Rate Reset Subordinated Notes due 2029 (ISIN: XS2049622272) and (ii) Tier 1 Capital includes, for so long as any of the same remain outstanding, the Issuer’s £350,000,000 Fixed Rate Reset Perpetual Restricted Tier 1 Write Down Notes (ISIN: XS1865334020), the Issuer’s £450,000,000 Fixed Rate Reset Perpetual Restricted Tier 1 Contingent Convertible Notes (ISIN: XS2393498204) and the Issuer’s U.S.\$400,000,000 Fixed Rate Reset Perpetual Restricted Tier 1 Contingent Convertible Notes (ISIN: XS2399976195).

(b) **Solvency Condition**

Without prejudice to Condition 3(a), all payments under or arising from the Notes, the Coupons and the Trust Deed (other than payments made to the Trustee for its own account under the Trust Deed) shall be conditional upon the Issuer being solvent at the time for payment by the Issuer, and no amount shall be payable under or arising from the Notes, the Coupons or the Trust Deed unless and until the Issuer could make such payment and still be solvent immediately thereafter (the “**Solvency Condition**”). Any payment which is not paid due to operation of the Solvency Condition will be deferred and will be payable as further provided in Condition 5(e) or Condition 6(b) as the case may be.

For the purposes of this Condition 3(b), the Issuer will be “**solvent**” if (i) it is able to pay its debts owed to Senior Creditors and *Pari Passu* Creditors as they fall due, and (ii) its Assets exceed its Liabilities.

A certificate as to the solvency of the Issuer signed by two Directors or, if there is a winding-up or administration of the Issuer, by two directors or authorised signatories of the liquidator or, as the case may be, the administrator of the Issuer shall be treated and accepted by the Issuer, the Trustee, the holders of the Notes and Coupons and all other interested parties as correct and sufficient evidence thereof and the Trustee shall be entitled to rely on such certificate without further enquiry and without liability to any person.

The Issuer shall notify the Trustee, the Registrar and the Issuing and Paying Agent in writing and notify the Noteholders in accordance with Condition 16 as soon as reasonably practicable after it has determined that any payment (in whole or in part) will be deferred due to the operation of the Solvency Condition (provided that, for the avoidance of doubt, any delay in giving or failure to give such notice shall not result in such payment becoming due on the scheduled payment date nor constitute a default or event of default under the Notes or the Trust Deed for any other purpose).

(c) *Set-off, etc.*

Subject to applicable law, no holder of a Note or Coupon may exercise, claim or plead any right of set-off, compensation or retention in respect of any amount owed to it by the Issuer arising under or in connection with the Notes and each Noteholder and Couponholder shall, by virtue of being the holder of any Note or Coupon, be deemed, to the extent permitted by law, to have waived all such rights of set-off, compensation or retention. Notwithstanding the preceding sentence, if any of the amounts owing to any holder by the Issuer is discharged by set-off, such holder shall, unless such payment is prohibited by applicable law, immediately pay an amount equal to the amount of such discharge to the Issuer or, in the event of its winding-up or administration, the liquidator or administrator, as appropriate, of the Issuer for payment to the Senior Creditors in respect of amounts owing to them by the Issuer, and, until such time as payment is made shall hold an amount equal to such amount in trust for the Issuer, or the liquidator or administrator, as appropriate, of the Issuer (as the case may be), for payment to the Senior Creditors in respect of amounts owing to them by the Issuer and, accordingly, any such discharge shall be deemed not to have taken place.

(d) *The Trustee*

The provisions of Conditions 3(a) and 3(b) apply only to the principal and interest and any other amounts payable in respect of the Notes and Coupons and nothing in Conditions 3(a) or 3(b) or in Conditions 5, 6 or 10 shall affect or prejudice the payment of the costs, charges, expenses, liabilities or remuneration of the Trustee or the rights and remedies of the Trustee in respect thereof.

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

4 Interest and other Calculations

(a) *Interest on Fixed Rate Notes and Fixed to Floating Rate Notes*

Each Fixed Rate Note or Fixed to Floating Rate Note bears interest on its outstanding principal amount from (and including) the Interest Commencement Date at the rate per annum (expressed as a percentage) equal to the Rate of Interest to (but excluding), (i) in the case of Fixed to Floating Rate Notes, the Fixed Rate End Date specified hereon, and (ii) in the case of Fixed Rate Notes, the Maturity Date (if applicable) specified hereon, and such interest shall (subject to Conditions 3(b) and 5) be payable in arrear on each

Interest Payment Date specified hereon. The amount of interest payable shall be determined in accordance with Condition 4(e).

(b) ***Interest on Fixed Rate Reset Notes***

Each Fixed Rate Reset Note bears interest on its outstanding principal amount (unless “Mid-Swap Rate” has been selected in the relevant Pricing Supplement and a Benchmark Event has occurred, in which case the First Reset Rate of Interest and/or any Subsequent Reset Rate of Interest, as applicable, shall be determined pursuant to and in accordance with Condition 4(l)):

- (i) from (and including) the Interest Commencement Date until (but excluding) the First Reset Note Reset Date, at the Initial Rate of Interest;
- (ii) from (and including) the First Reset Note Reset Date until (but excluding) the first Anniversary Date, at the First Reset Rate of Interest; and
- (iii) for each Subsequent Reset Period thereafter (if any), at the relevant Subsequent Reset Rate of Interest,

and such interest shall (subject to Conditions 3(b) and 5) be payable, in each case, in arrear on the Interest Payment Dates specified hereon. The amount of interest payable shall be determined in accordance with Condition 4(e).

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

(c) ***Interest on Floating Rate Notes and Fixed to Floating Rate Notes***

(i) Interest Payment Dates

Each Floating Rate Note and each Fixed to Floating Rate Note bears interest on its outstanding principal amount from (and including), in the case of a Floating Rate Note, the Interest Commencement Date and, in the case of a Fixed to Floating Rate Note, the Fixed Rate End Date specified hereon at the rate per annum (expressed as a percentage) equal to the Rate of Interest. Such interest shall (subject to Conditions 3(b) and 5) be payable in arrear on each Interest Payment Date, in the case of a Floating Rate Note, and on each Interest Payment Date commencing after the Fixed Rate End Date specified hereon, in the case of a Fixed to Floating Rate Note. The amount of interest payable shall be determined in accordance with Condition 4(e). Such Interest Payment Date(s) is/are either shown hereon as Specified Interest Payment Dates or, if no Specified Interest Payment Date(s) is/are shown hereon, “**Interest Payment Date**” shall mean each date which falls the number of months or other period shown hereon as the Specified Period after the preceding Interest Payment Date or, in the case of the first such Interest Payment Date, after the Interest Commencement Date, in the case of a Floating Rate Note, or after the Fixed Rate End Date, in the case of a Fixed to Floating Rate Note.

(ii) Business Day Convention

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

- (A) the “**Floating Rate Business Day Convention**”, such date shall be postponed to the next day that is a Business Day unless it would thereby fall into the next calendar month, in which event (x) such date shall be brought forward to the immediately preceding Business

Day and (y) each such subsequent date shall be the last Business Day of the month in which such date would have fallen had it not been subject to adjustment;

- (B) the “**Following Business Day Convention**”, such date shall be postponed to the next day that is a Business Day;
- (C) the “**Modified Following Business Day Convention**”, such date shall be postponed to the next day that is a Business Day unless it would thereby fall into the next calendar month, in which event such date shall be brought forward to the immediately preceding Business Day; or
- (D) the “**Preceding Business Day Convention**”, such date shall be brought forward to the immediately preceding Business Day.

(iii) Rate of Interest for Floating Rate Notes and Fixed to Floating Rate Notes

The Rate of Interest in respect of Floating Rate Notes and, from and including the Fixed Rate End Date, Fixed to Floating Rate Notes for each Interest Accrual Period shall be determined in the manner specified hereon and the provisions below relating to either ISDA Determination, Screen Rate Determination or BBSW Determination shall apply, depending upon which is specified hereon (unless a Benchmark Event has occurred, in which case the relevant Rate of Interest shall be determined pursuant to and in accordance with Condition 4(1)).

(A) ISDA Determination for Floating Rate Notes and, from and including the Fixed Rate End Date, Fixed to Floating Rate Notes

Where ISDA Determination is specified hereon as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each relevant Interest Accrual Period shall be determined by the Calculation Agent, subject to Condition 4(1), as a rate equal to the relevant ISDA Rate. For the purposes of this sub-paragraph (A), “**ISDA Rate**” for an Interest Accrual Period means a rate equal to the Floating Rate that would be determined by the Calculation Agent under a Swap Transaction under the terms of an agreement incorporating the ISDA Definitions and under which:

- (x) the Floating Rate Option is as specified hereon;
- (y) the Designated Maturity is a period specified as such hereon; and
- (z) the relevant Reset Date is the first day of that Interest Accrual Period unless otherwise specified hereon.

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

Unless otherwise specified hereon, the Minimum Rate of Interest shall be deemed to be zero.

(B) Screen Rate Determination for Floating Rate Notes and, from and including the Fixed Rate End Date, Fixed to Floating Rate Notes

- (x) Where Screen Rate Determination is specified hereon as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Accrual Period will, subject to Condition 4(1) and subject as provided below, be either:

- (1) the offered quotation; or
- (2) the arithmetic mean of the offered quotations,

(expressed as a percentage rate per annum) for the Reference Rate which appears or appear, as the case may be, on the Relevant Screen Page as at 11.00 a.m. (Brussels time), on the Interest Determination Date in question as determined by the Calculation Agent. If five or more of such offered quotations are available on the Relevant Screen Page, the highest (or, if there is more than one such highest quotation, one only of such quotations) and the lowest (or, if there is more than one such lowest quotation, one only of such quotations) shall be disregarded by the Calculation Agent for the purpose of determining the arithmetic mean of such offered quotations.

- (y) subject to Condition 4(l), if the Relevant Screen Page is not available or if, sub-paragraph (x)(1) applies and no such offered quotation appears on the Relevant Screen Page or if sub-paragraph (x)(2) above applies and fewer than three such offered quotations appear on the Relevant Screen Page in each case as at the time specified above, subject as provided below, the Issuer shall request the principal Eurozone office of each of the Reference Banks to provide the Calculation Agent with its offered quotation (expressed as a percentage rate per annum) for the Reference Rate at approximately 11.00 a.m. (Brussels time), on the Interest Determination Date in question. If two or more of the Reference Banks provide the Calculation Agent with such offered quotations, the Rate of Interest for such Interest Accrual Period shall be the arithmetic mean of such offered quotations as determined by the Calculation Agent; and
- (z) if paragraph (y) above applies and the Calculation Agent determines that fewer than two Reference Banks are providing offered quotations, subject as provided below, the Rate of Interest shall be the arithmetic mean of the rates per annum (expressed as a percentage) as communicated (at the request of the Issuer) to the Calculation Agent by the Reference Banks or any two or more of them, at which such banks were offered, at approximately 11.00 a.m. (Brussels time) on the relevant Interest Determination Date, deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate by leading banks in the Eurozone inter-bank market or, if fewer than two of the Reference Banks provide the Calculation Agent with such offered rates, the rate of interest shall be the offered rate for deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate, or the arithmetic mean of the offered rates for deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate, at which, at approximately 11.00 a.m. (Brussels time), on the relevant Interest Determination Date, any one or more banks (which bank or banks as selected by the Issuer is or are in the opinion of the Issuer suitable for such purpose) informs the Calculation Agent it is quoting to leading banks in the Eurozone inter-bank market provided that, if the Rate of Interest cannot be determined in accordance with the foregoing provisions of this paragraph, the Rate of Interest shall be (i) determined as at the last preceding Interest Determination Date (though substituting, where a different Margin or Maximum or Minimum Rate of Interest is to be applied to the relevant Interest Accrual Period from that which applied to the last preceding Interest Accrual

Period, the Margin or Maximum or Minimum Rate of Interest relating to the relevant Interest Accrual Period, in place of the Margin or Maximum or Minimum Rate of Interest relating to that last preceding Interest Accrual Period) or (ii) if the Note is a Fixed to Floating Rate Note and there is no such prior Interest Determination Date, the initial fixed Rate of Interest.

(C) BBSW Determination for Floating Rate Notes and, from and including the Fixed Rate End Date, Fixed to Floating Rate Notes

Where BBSW Determination is specified hereon as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Accrual Period will, subject to Condition 4(l) and subject as provided below, be the BBSW Rate, having a tenor closest to the relevant Interest Accrual Period, on the Interest Determination Date in question, all as determined by the Calculation Agent.

Subject to Condition 4(l), if the BBSW Page is not available, or if the BBSW Rate does not appear on the BBSW Page by 10.45 a.m. in Sydney (or such other time that is 15 minutes after the then prevailing BBSW Publication Time), then the Issuer shall request the principal Sydney office of each of the BBSW Rate Reference Banks to provide the Calculation Agent with its offered quotation (expressed as a percentage rate per annum) for the BBSW Rate at approximately 10.30 a.m. (Sydney time), on the Interest Determination Date in question. If two or more of the BBSW Rate Reference Banks provide the Calculation Agent with such offered quotations, the Rate of Interest for such Interest Accrual Period shall be the arithmetic mean of such offered quotations as determined by the Calculation Agent. If the Calculation Agent determines that fewer than two BBSW Rate Reference Banks are providing offered quotations, subject as provided below, the Rate of Interest shall be the arithmetic mean of the rates per annum (expressed as a percentage) as communicated (at the request of the Issuer) to the Calculation Agent by the BBSW Rate Reference Banks or any two or more of them, at which such banks were offered, at approximately 10.30 a.m. (Sydney time) on the relevant Interest Determination Date, deposits in Australian dollars for a period equal to that which would have been used for the BBSW Rate by leading banks in the Sydney inter-bank market or, if fewer than two of the BBSW Rate Reference Banks provide the Calculation Agent with such offered rates, the rate of interest shall be the offered rate for deposits in Australian dollars for a period equal to that which would have been used for the BBSW Rate, or the arithmetic mean of the offered rates for deposits in Australian dollars for a period equal to that which would have been used for the BBSW Rate, at which, at approximately 10.30 a.m. (Sydney time), on the relevant Interest Determination Date, any one or more banks (which bank or banks as selected by the Issuer is or are in the opinion of the Issuer suitable for such purpose) informs the Calculation Agent it is quoting to leading banks in the Sydney inter-bank market provided that, if the Rate of Interest cannot be determined in accordance with the foregoing provisions of this paragraph, the Rate of Interest shall be (i) determined as at the last preceding Interest Determination Date (though substituting, where a different Margin or Maximum or Minimum Rate of Interest is to be applied to the relevant Interest Accrual Period from that which applied to the last preceding Interest Accrual Period, the Margin or Maximum or Minimum Rate of Interest relating to the relevant Interest Accrual Period, in place of the Margin or Maximum or Minimum Rate of Interest relating to that last preceding Interest Accrual Period) or (ii) if the Note is a Fixed to Floating Rate Note and there is no such prior Interest Determination Date, the initial fixed Rate of Interest.

Unless otherwise specified hereon, the Minimum Rate of Interest shall be deemed to be zero.

(d) ***Margin, Maximum/Minimum Rates of Interest and Rounding***

- (i) If any Margin is specified hereon (either (x) generally or (y) in relation to one or more Interest Accrual Periods), an adjustment shall be made to all Rates of Interest, in the case of (x), or the Rates of Interest for the specified Interest Accrual Periods, in the case of (y), calculated in accordance with Condition 4(c) above by adding (if a positive number) or subtracting (if a negative number) the absolute value of such Margin, subject always to the next paragraph.
- (ii) If any Maximum or Minimum Rate of Interest is specified hereon, then any Rate of Interest shall be subject to such maximum or minimum, as the case may be.

In setting the Maximum or Minimum Rate of Interest, the Issuer shall have consideration to the limitations set out in any Relevant Rules.

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

(e) ***Calculations***

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

(f) ***Linear Interpolation***

Where Linear Interpolation is specified hereon as applicable in respect of an Interest Accrual Period, the Rate of Interest for such Interest Accrual Period shall be calculated by the Calculation Agent by straight line linear interpolation by reference to two rates based on the relevant Reference Rate (where Screen Rate Determination is specified hereon as applicable) or the relevant Floating Rate Option (where ISDA Determination is specified hereon as applicable) or the relevant BBSW Rate (where BBSW Determination is specified hereon as applicable), one of which shall be determined as if the Applicable Maturity were the period of time for which rates are available next shorter than the length of the relevant Interest Accrual Period and the other of which shall be determined as if the Applicable Maturity were

the period of time for which rates are available next longer than the length of the relevant Interest Accrual Period provided however that if there is no rate available for a period of time next shorter or, as the case may be, next longer, then the Calculation Agent shall calculate the Rate of Interest at such time and by reference to such sources as the Issuer, in consultation with an independent financial institution or an independent financial adviser with the appropriate expertise appointed by the Issuer, and such independent financial institution or independent financial adviser acting in good faith and in a commercially reasonable manner as an expert, determines appropriate.

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

(g) ***Determination and Publication of Rates of Interest and Interest Amounts***

The Calculation Agent shall, subject to Condition 4(l), as soon as practicable on or after each Interest Determination Date or Reset Determination Date (as applicable), or such other time on such date as the Calculation Agent may be required to calculate any rate or amount, obtain any quotation or make any determination or calculation, determine such rate and calculate the Interest Amounts for the relevant Interest Accrual Period, obtain such quotation or make such determination or calculation, as the case may be, and cause the Rate of Interest and the Interest Amounts for each Interest Accrual Period and the relevant Interest Payment Date, to be notified to the Trustee, the Issuer, each of the Paying Agents, the Noteholders, any other Calculation Agent appointed in respect of the Notes that is to make a further calculation upon receipt of such information and, if the Notes are listed on a stock exchange and the rules of such exchange or other relevant authority so require, such exchange or other relevant authority as soon as possible after their determination but in any event no later than (i) the commencement of the relevant Interest Period, if determined prior to such time, in the case of notification to such exchange of a Rate of Interest and Interest Amount, or (ii) in all other cases, the fourth Business Day after such determination. Where any Interest Payment Date or Interest Period Date is subject to adjustment pursuant to Condition 4(c)(ii), the Interest Amounts and the Interest Payment Date so published may subsequently be amended without notice in the event of an extension or shortening of the Interest Period. If the Notes become due and payable under Conditions 3(a) and 10, the accrued interest and the Rate of Interest payable in respect of the Notes shall nevertheless continue to be calculated as previously in accordance with this Condition 4 but no publication of the Rate of Interest or the Interest Amount so calculated need be made. The determination of any rate or amount, the obtaining of each quotation and the making of each determination or calculation by the Calculation Agent(s) shall (in the absence of manifest error) be final and binding upon all parties.

(h) ***Certificates to be final***

All certificates, communications, opinions, determinations, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of this Condition 4 by the Calculation Agent shall (in the absence of manifest error) be binding on the Issuer, the Trustee, the Issuing and Paying Agent, the Paying Agents and all Noteholders and Couponholders and (in the absence of wilful default or fraud) no liability to the Issuer, the Trustee, the Noteholders or the Couponholders shall attach to the Calculation Agent in connection with the exercise or non-exercise by it of its powers, duties and discretions pursuant to such provisions.

(i) ***Accrual of Interest***

Each Note (or in the case of the redemption of part only of a Note, that part only of such Note) will cease to bear interest (if any) from the date for its redemption unless payment of principal is improperly withheld or refused. In such event, interest will continue to accrue until whichever is the earlier of:

- (i) the date on which all amounts due in respect of such Note have been paid; and
- (ii) five days after the date on which the full amount of the moneys payable in respect of such Note has been received by the Issuing and Paying Agent or the Registrar or the Trustee, as the case may be, and notice to that effect has been given to the Noteholders in accordance with Condition 16.

(j) ***Definitions***

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

“**Anniversary Date**” means the date specified as such hereon.

“**Applicable Maturity**” has the meaning given to it in Condition 4(f).

“**BBSW Page**” means the Refinitiv “BBSW” Page, or such other Refinitiv screen page (or page of a successor service) as may replace such page for the purpose of displaying the Australian Bank Bill Swap rate.

“**BBSW Publication Time**” means 10.30 a.m. in Sydney (or such other time at which the BBSW Rate is customarily published on the BBSW Page).

“**BBSW Rate**” means the Australian Bank Bill Swap rate (expressed as a percentage rate per annum) administered by ASX Benchmarks Pty Limited (or any other person which takes over the administration of that rate) as displayed on the BBSW Page (rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards) at the BBSW Publication Time.

“**BBSW Rate Reference Banks**” means four leading banks in the Sydney inter-bank market.

“**Benchmark Frequency**” has the meaning given to it in the relevant Pricing Supplement.

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

“**Benchmark Gilt Rate**” means, in respect of a Reset Period, the percentage rate (rounded, if necessary, to three decimal places, with 0.0005 rounded upwards) determined by the Calculation Agent on the basis of the Gilt Yield Quotations provided (upon request by or on behalf of the Issuer) by the Reset Reference Banks to the Issuer and by the Issuer to the Calculation Agent at approximately 11:00 a.m. (London time) on the Reset Determination Date in respect of such Reset Period. If at least four quotations are provided, the Benchmark Gilt Rate will be the rounded arithmetic mean of the quotations provided, eliminating the highest quotation (or, in the event of equality, one of the highest) and the lowest quotation (or, in the event of equality, one of the lowest). If only two or three quotations are provided, the Benchmark Gilt Rate will be the rounded arithmetic mean of the quotations provided. If only one quotation is provided, the Benchmark Gilt Rate will be the rounded quotation provided. If no quotations are provided, the Benchmark Gilt Rate will be (i) in the case of each Reset Period other than the Reset

Period commencing on the First Reset Note Reset Date, the Reset Rate in respect of the immediately preceding Reset Period or (ii) in the case of the Reset Period commencing on the First Reset Note Reset Date, an amount specified hereon as the “First Reset Period Fallback”.

“**Broken Amount**” has the meaning given to it in the relevant Pricing Supplement.

“**Business Day**” means:

- (i) in the case of a currency other than euro, a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets settle payments in the principal financial centre for such currency; and/or
- (ii) in the case of euro, a day on which the TARGET System is operating (a “**TARGET Business Day**”); and/or
- (iii) in the case of a currency and/or one or more Additional Business Centres specified hereon, a day (other than a Saturday or a Sunday) on which commercial banks and foreign exchange markets settle payments in such currency in the Additional Business Centre(s) or, if no currency is indicated, generally in each of the Additional Business Centres.

“**Business Day Convention**” has the meaning given to it in the relevant Pricing Supplement.

“**Calculation Amount**” has the meaning given to it in the relevant Pricing Supplement.

“**CMT Designated Maturity**” has the meaning given to it in the relevant Pricing Supplement.

“**CMT Rate**” means, in relation to a Reset Period and the Reset Determination Date in relation to such Reset Period, the rate determined by the Calculation Agent, and expressed as a percentage, equal to:

- (i) the yield for United States Treasury Securities at “constant maturity” for the CMT Designated Maturity, as published in the H.15 under the caption “treasury constant maturities (nominal)”, as that yield is displayed on the CMT Rate Screen Page on such Reset Determination Date; or
- (ii) if the yield referred to in paragraph (i) above is not published by 4:00 p.m. (New York City time) on the CMT Rate Screen Page on such Reset Determination Date, the yield for the United States Treasury Securities at “constant maturity” for the CMT Designated Maturity as published in the H.15 under the caption “treasury constant maturities (nominal)” on such Reset Determination Date; or
- (iii) if the yield referred to in paragraph (ii) above is not published by 4:30 p.m. (New York City time) on such Reset Determination Date, the Reset Reference Bank Rate on such Reset Determination Date.

“**CMT Rate Screen Page**” has the meaning given to it in the relevant Pricing Supplement or any successor service or such other page as may replace that page on that service for the purpose of displaying “treasury constant maturities” as reported in H.15.

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

- (i) if “**Actual/Actual**” or “**Actual/Actual - ISDA**” is specified hereon, the actual number of days in the Calculation Period divided by 365 (or, if any portion of that Calculation Period falls in a leap year, the sum of (A) the actual number of days in that portion of the Calculation Period falling in

a leap year divided by 366 and (B) the actual number of days in that portion of the Calculation Period falling in a non-leap year divided by 365);

- (ii) if “**Actual/365 (Fixed)**” is specified hereon, the actual number of days in the Calculation Period divided by 365;
- (iii) if “**Actual/365 (Sterling)**” is specified hereon, the actual number of days in the Calculation Period divided by 365 or, in the case of an Interest Payment Date falling in a leap year, 366;
- (iv) if “**Actual/360**” is specified hereon, the actual number of days in the Calculation Period divided by 360;
- (v) if “**30/360**”, “**360/360**” or “**Bond Basis**” is specified hereon, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

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

where:

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

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

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

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

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

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

- (vi) if “**30E/360**” or “**Eurobond Basis**” is specified hereon, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

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

where:

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

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

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

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

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

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

- (vii) if “**30E/360 (ISDA)**” is specified hereon, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

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

where:

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

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

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

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

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

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

- (viii) if “**Actual/Actual-ICMA**” is specified hereon:

(A) if the Calculation Period is equal to or shorter than the Determination Period during which it falls, the number of days in the Calculation Period divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Periods normally ending in any year; and

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

(x) the number of days in such Calculation Period falling in the Determination Period in which it begins divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Periods normally ending in any year; and

(y) the number of days in such Calculation Period falling in the next Determination Period divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Periods normally ending in any year,

where:

“**Determination Date**” means the date specified as such hereon or, if none is so specified, the Interest Payment Date; and

“**Determination Period**” means the period from and including a Determination Date in any year to but excluding the next Determination Date; and

- (ix) if “**RBA Bond Basis**” or “**Australian Bond Basis**” is specified hereon:
- (A) for amounts paid and/or calculated in respect of Interest Payment Dates, one divided by the number of Interest Payment Dates normally falling in a year; and
 - (B) for amounts paid and/or calculated in respect of dates other than Interest Payment Dates, Actual/Actual (ICMA).

“**Eurozone**” means the region comprising member states of the European Union that adopt the single currency in accordance with the Treaty establishing the European Community, as amended.

“**First Reset Note Reset Date**” means the date specified as such hereon.

“**First Reset Period**” means the period from (and including) the First Reset Note Reset Date until (but excluding) the first Anniversary Date.

“**First Reset Period Fallback**” has the meaning given to it in the relevant Pricing Supplement.

“**First Reset Rate of Interest**” means the rate of interest being determined by the Calculation Agent on the relevant Reset Determination Date as the sum of the relevant Reset Rate plus the Reset Margin (with such sum converted (if necessary) from a basis equivalent to the Benchmark Frequency to a basis equivalent to the frequency with which scheduled interest payments are payable on the relevant Notes during the First Reset Period (such calculation to be made by the Calculation Agent)).

“**Fixed Leg**” has the meaning given to it in the relevant Pricing Supplement.

“**Fixed Rate End Date**” means the date specified as such hereon.

“**Floating Leg**” has the meaning given to it in the relevant Pricing Supplement.

“**Floating Rate Business Day Convention**” has the meaning given to it in Condition 4(c).

“**Following Business Day Convention**” has the meaning given to it in Condition 4(c).

“**Gilt Yield Quotations**” means, with respect to a Reset Reference Bank and a Reset Period, the arithmetic mean of the bid and offered yields (on a semi-annual compounding basis) for the Benchmark Gilt in respect of that Reset Period, expressed as a percentage, as quoted by such Reset Reference Bank.

“**H.15**” means the daily statistical release designated as H.15, or any successor publication, published by the board of governors of the Federal Reserve System at <http://www.federalreserve.gov/releases/H15> or any successor site or publication.

“**Initial Rate of Interest**” means the initial rate of interest per annum specified hereon.

“**Interest Accrual Period**” means the period beginning on (and including) the Interest Commencement Date, in respect of the Floating Rate Notes, and the Fixed Rate End Date, in respect of the Fixed to Floating Rate Notes, and ending on (but excluding) the first Interest Period Date and each successive period beginning on (and including) an Interest Period Date and ending on (but excluding) the next succeeding Interest Period Date.

“**Interest Amount**” means, in respect of an Interest Accrual Period, the amount of interest payable per Calculation Amount for that Interest Accrual Period and which, in the case of Fixed Rate Notes, Fixed Rate Reset Notes, and, prior to the Fixed Rate End Date, Fixed to Floating Rate Notes, and unless otherwise specified hereon, shall mean the Fixed Coupon Amount or Broken Amount specified hereon as being payable on the Interest Payment Date ending the Interest Period of which such Interest Accrual

Period forms part; and, in respect of any other period, the amount of interest payable per Calculation Amount for that period.

“Interest Commencement Date” means the Issue Date or such other date as may be specified hereon.

“Interest Determination Date” means, with respect to a Rate of Interest and Interest Accrual Period, the date specified as such hereon or, if none is so specified: (i) the first day of such Interest Accrual Period if the Specified Currency is sterling or (ii) the day falling two Business Days in London prior to the first day of such Interest Accrual Period if the Specified Currency is neither sterling nor euro or (iii) the day falling two TARGET Business Days prior to the first day of such Interest Accrual Period if the Specified Currency is euro.

“Interest Payment Date” has the meaning given to it in Condition 4(c).

“Interest Period” means (unless otherwise specified hereon) the period beginning on (and including) the Interest Commencement Date and ending on (but excluding) the first Interest Payment Date and each successive period beginning on (and including) an Interest Payment Date and ending on (but excluding) the next succeeding Interest Payment Date.

“Interest Period Date” means each Interest Payment Date unless otherwise specified hereon.

“ISDA Definitions” means the 2006 ISDA Definitions as amended or supplemented, as published by the International Swaps and Derivatives Association, Inc. unless otherwise specified hereon.

“ISDA Determination” has the meaning given to it in Condition 4(c).

“ISDA Rate” has the meaning given to it in Condition 4(c).

“Margin” has the meaning given to it in the relevant Pricing Supplement.

“Mid-Swap Quotations” means the arithmetic mean of the bid and offered rates:

- (i) if the Specified Currency is euro, for the annual fixed leg (calculated on a 30/360 day count basis) of a fixed for floating interest rate swap transaction in euro which (i) has a term commencing on the relevant Reset Note Reset Date which is equal to that of the relevant Swap Rate Period; (ii) is in an amount that is representative of a single transaction in the relevant market at the relevant time with an acknowledged dealer of good credit in the relevant swap market; and (iii) has a floating leg based on the 6-month EURIBOR rate (calculated on an Actual/360 day count basis), unless as otherwise specified hereon;
- (ii) if the Specified Currency is Australian dollars, for the annual fixed leg (calculated on an RBA Bond Basis) of a fixed for floating interest rate swap transaction in Australian dollars which (i) has a term commencing on the relevant Reset Note Reset Date which is equal to that of the relevant Swap Rate Period; (ii) is in an amount that is representative of a single transaction in the relevant market at the relevant time with an acknowledged dealer of good credit in the relevant swap market; and (iii) has a floating leg based on the BBSW Rate, as specified in the relevant Pricing Supplement (calculated on an RBA Bond Basis), unless as otherwise specified hereon; and
- (iii) if the Specified Currency is not euro, for the Fixed Leg (as set out hereon) of a fixed for floating interest rate swap transaction in that Specified Currency which (i) has a term commencing on the relevant Reset Note Reset Date which is equal to that of the relevant Swap Rate Period; (ii) is in an amount that is representative of a single transaction in the relevant market at the relevant time

with an acknowledged dealer of good credit in the relevant swap market; and (iii) has a Floating Leg (as set out hereon).

“Mid-Swap Rate” means in respect of a Reset Period, (i) the applicable semi-annual or annual (as specified hereon) mid-swap rate for swap transactions in the Specified Currency (with a maturity equal to that of the relevant Swap Rate Period specified hereon) as displayed on the Screen Page at 11.00 a.m. (in the principal financial centre of the Specified Currency) on the relevant Reset Determination Date or (ii) if such rate is not displayed on the Screen Page at such time and date, the relevant Reset Reference Bank Rate.

“Modified Following Business Day Convention” has the meaning given to it in Condition 4(c).

“Preceding Business Day Convention” has the meaning given to it in Condition 4(c).

“Rate of Interest” means the rate of interest payable from time to time in respect of this Note and that is either specified or calculated in accordance with the provisions hereon.

“Reference Banks” means the principal Eurozone office of four major banks in the Eurozone inter-bank market, in each case selected by the Issuer or as specified hereon.

“Reference Rate” means EURIBOR or as otherwise specified hereon, in each case for the relevant period, as specified hereon.

“Relevant Screen Page” means such page, section, caption, column or other part of a particular information service as may be specified hereon.

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

“Reset Margin” means the margin (expressed as a percentage) specified as such hereon.

In setting the Reset Margin the Issuer shall have consideration to the limitations set out in any Relevant Rules.

“Reset Note Reset Date” means every date which falls on each Anniversary Date as may be specified hereon.

“Reset Period” means the First Reset Period or a Subsequent Reset Period.

“Reset Rate” means (a) if “Mid-Swap Rate” is specified hereon, the relevant Mid-Swap Rate, (b) if “Benchmark Gilt Rate” is specified hereon, the relevant Benchmark Gilt Rate or (c) if “CMT Rate” is specified hereon, the relevant CMT Rate.

“Reset Reference Bank Rate” means the percentage rate determined on the basis of (a) if “Mid-Swap Rate” is specified hereon, the Mid-Swap Quotations provided by the Reset Reference Banks to the Calculation Agent at the request of the Issuer at or around 11:00 a.m. in the principal financial centre of the Specified Currency on the relevant Reset Determination Date or (b) if “CMT Rate” is specified hereon, the percentage rate determined by the Calculation Agent on the basis of the Reset United States Treasury Securities Quotations provided by the Reset Reference Banks to the Calculation Agent at the request of the Issuer at or around 4:30 p.m. (New York City time) on the relevant Reset Determination

Date and, in either case, rounded, if necessary, to the nearest 0.001 per cent. (0.0005 per cent. being rounded upwards). If at least four quotations are provided, the Reset Reference Bank Rate will be the rounded arithmetic mean of the quotations provided, eliminating the highest quotation (or, in the event of equality, one of the highest) and the lowest quotation (or, in the event of equality, one of the lowest). If only two or three quotations are provided, the Reset Reference Bank Rate will be the rounded arithmetic mean of the quotations provided. If only one quotation is provided, the Reset Reference Bank Rate will be the rounded quotation provided. If no quotations are provided, the Reset Reference Bank Rate will be (i) in the case of each Reset Period other than the Reset Period commencing on the First Reset Note Reset Date, the relevant Mid-Swap Rate or CMT Rate (as applicable) in respect of the immediately preceding Reset Period or (ii) in the case of the Reset Period commencing on the First Reset Note Reset Date, the percentage rate specified hereon as the “First Reset Period Fallback”.

“**Reset Reference Banks**” means (i) in the case of the calculation of a Reset Reference Bank Rate where “Mid-Swap Rate” is specified hereon, five leading swap dealers in the principal interbank market relating to the Specified Currency, (ii) in the case of the calculation of a Reset Reference Bank Rate where “CMT Rate” is specified hereon, five banks which are primary U.S. Treasury securities dealers or market makers in pricing corporate bond issues denominated in U.S. dollars in New York or (iii) in the case of a Benchmark Gilt Rate, five brokers of gilts and/or gilt-edged market makers, in each case, as selected by the Issuer.

“**Reset United States Treasury Securities Quotation**” means, in relation to a Reset Period and the Reset Determination Date in relation to such Reset Period, the rate quoted by a Reset Reference Bank as being the yield-to-maturity based on the arithmetic mean of the secondary market bid price of such Reset Reference Bank for Reset United States Treasury Securities at approximately 4:30 p.m. (New York City time) on such Reset Determination Date.

“**Reset United States Treasury Securities**” means, on the relevant Reset Determination Date, United States Treasury Securities with an original maturity equal to the CMT Designated Maturity, a remaining term to maturity of no more than one year shorter than the CMT Designated Maturity and in a principal amount equal to an amount that is representative for a single transaction in such United States Treasury Securities in the New York City market. If two United States Treasury Securities have remaining terms to maturity equally close to the duration of the CMT Designated Maturity, the United States Treasury Security with the highest nominal amount outstanding will be used.

“**Screen Page**” means Reuters screen page “ICESWAP1”, “ICESWAP2”, “ICESWAP3”, “ICESWAP4”, “ICESWAP5” or “ICESWAP6” as specified hereon or such other page on Thomson Reuters as is specified hereon, or such other screen page as may replace it on Thomson Reuters or, as the case may be, on such other information service that may replace Thomson Reuters, in each case, as may be nominated by the person providing or sponsoring the information appearing there for the purpose of displaying comparable rates.

“**Screen Rate Determination**” has the meaning given to it in Condition 4(c).

“**Specified Currency**” means the currency specified as such hereon or, if none is specified, the currency in which the Notes are denominated.

“**Subsequent Reset Period**” means each successive period other than the First Reset Period from (and including) a Reset Note Reset Date to (but excluding) the next succeeding Reset Note Reset Date.

“**Subsequent Reset Rate of Interest**” means, in respect of any Subsequent Reset Period, the rate of interest being determined by the Calculation Agent on the relevant Reset Determination Date as the sum of the relevant Reset Rate plus the Reset Margin (with such sum converted (if necessary) from a basis

equivalent to the Benchmark Frequency to a basis equivalent to the frequency with which scheduled interest payments are payable on the relevant Notes during the relevant Subsequent Reset Period (such calculation to be made by the Calculation Agent)).

“**Swap Rate Period**” means the period or periods specified as such hereon.

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

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

“**U.S. Government Securities Business Day**” means any day except for a Saturday, Sunday or a day on which the Securities Industry and Financial Markets Association recommends that the fixed income departments of its members be closed for the entire day for purposes of trading in U.S. government securities.

(k) ***Calculation Agent***

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

(l) ***Benchmark Discontinuation***

(i) Independent Adviser

If a Benchmark Event occurs in relation to an Original Reference Rate when any Rate of Interest (or any component part thereof) remains to be determined by reference to such Original Reference Rate, the Issuer shall use its reasonable endeavours to appoint an Independent Adviser, as soon as reasonably practicable, to advise the Issuer in determining a Successor Rate, failing which an Alternative Rate (in accordance with Condition 4(l)(ii)) and, in either case, an Adjustment Spread and any Benchmark Amendments (in accordance with Condition 4(l)(iv)). In making such determination, the Issuer shall act in good faith. In the absence of bad faith or fraud, neither the Issuer nor the Independent Adviser shall have any liability whatsoever to the Trustee, the Paying Agents, the Noteholders or the Couponholders for any determination made by the Issuer, or any advice given by the Independent Adviser to the Issuer, pursuant to this Condition 4(l).

If (i) the Issuer is unable to appoint an Independent Adviser or (ii) the Issuer fails to determine a Successor Rate or, failing which, an Alternative Rate, together with the applicable Adjustment Spread, in accordance with this Condition 4(l)(i) or Condition 4(l)(ii) prior to the date which is 5 Business Days prior to the relevant Interest Determination Date or Reset Determination Date (as applicable), the Rate of Interest applicable to the next succeeding Interest Period or Interest Accrual Period shall be determined using the Original Reference Rate last displayed on the

Relevant Screen Page prior to the relevant Interest Determination Date or Reset Determination Date. For the avoidance of doubt, this paragraph shall apply to the relevant next succeeding Interest Period or Interest Accrual Period only and any subsequent Interest Periods or Interest Accrual Periods are subject to the subsequent operation of, and to adjustment as provided in, the first paragraph of this Condition 4(l)(i).

(ii) Successor Rate or Alternative Rate

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

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

(iii) Adjustment Spread

The applicable Adjustment Spread (or the formula or methodology for determining the Adjustment Spread) shall be applied to the Successor Rate or the Alternative Rate (as the case may be).

(iv) Benchmark Amendments

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

At the request of the Issuer, but subject to receipt by the Trustee, the Paying Agents and the Calculation Agent of a certificate signed by two Directors pursuant to Condition 4(l)(v), the Trustee and, if applicable, the Agents shall (at the expense of the Issuer), without any requirement for the consent or approval of the Noteholders, be obliged to concur with the Issuer in effecting any Benchmark Amendments (including, *inter alia*, by the execution of a deed supplemental to or amending the Trust Deed and/or an agreement supplementing or amending the Agency Agreement), provided that neither the Trustee nor any Agent shall be obliged so to concur if in the opinion of the Trustee or that Agent doing so would impose more onerous obligations upon it or expose it to any additional duties, responsibilities or liabilities or reduce or amend the protective provisions afforded to it in these Conditions or the Trust Deed or the Agency Agreement (including, for the avoidance of doubt, any supplemental trust deed or supplemental agency agreement) in any way.

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

Notwithstanding any other provision of this Condition 4(l), no Successor Rate or Alternative Rate will be adopted, nor will the applicable Adjustment Spread be applied, nor will any Benchmark Amendments be made, if and to the extent that, in the determination of the Issuer, the same could reasonably be expected to prejudice the qualification of the Notes as Tier 2 Capital.

(v) Notices, etc.

Any Successor Rate, Alternative Rate, Adjustment Spread and the specific terms of any Benchmark Amendments determined under this Condition 4(l) will be notified promptly by the Issuer to the Trustee, the Calculation Agent, the Paying Agents and, in accordance with Condition 16, the Noteholders. Such notice shall be irrevocable and shall specify the effective date of the Benchmark Amendments, if any.

No later than notifying the Noteholders of the same, the Issuer shall deliver to the Trustee, the Calculation Agent and the Paying Agents a certificate signed by two Directors:

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

Each of the Trustee, the Calculation Agent and the Paying Agents shall be entitled to rely on such certificate (without liability to any person) as sufficient evidence thereof. The Successor Rate or Alternative Rate and the Adjustment Spread and the Benchmark Amendments (if any) specified in such certificate will (in the absence of manifest error or bad faith in the determination of the Successor Rate or Alternative Rate and the Adjustment Spread and the Benchmark Amendments (if any) and without prejudice to the Trustee's or the Calculation Agent's or the Paying Agents' ability to rely on such certificate as aforesaid) be binding on the Issuer, the Trustee, the Agents, the Noteholders and the Couponholders.

(vi) Survival of Original Reference Rate

Without prejudice to the obligations of the Issuer under Condition 4(l) (i), (ii), (iii) and (iv), the Original Reference Rate and (where relevant) the provisions of Condition 4(c) or the definitions of Mid-Swap Rate and Reset Reference Bank Rate (as the case may be) and Condition 4(d) will continue to apply (i) unless and until a Benchmark Event has occurred and (ii) if a Benchmark Event has occurred, unless and until the Trustee, the Calculation Agent, the Paying Agents and (in accordance with Condition 16) the Noteholders have been notified of the Successor Rate or Alternative Rate (as applicable), the applicable Adjustment Spread and any Benchmark Amendments determined pursuant to this Condition 4(l).

(vii) Definitions:

As used in this Condition 4(l):

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

- (A) in the case of a Successor Rate, is formally recommended in relation to the replacement of the Original Reference Rate with the Successor Rate by any Relevant Nominating Body; or
- (B) (if no such recommendation has been made under (A) above, or in the case of an Alternative Rate) the Issuer, following consultation with the Independent Adviser, determines is customarily applied to the relevant Successor Rate or the Alternative Rate (as the case may be) in debt capital markets transactions to produce an industry-accepted replacement rate for the Original Reference Rate; or
- (C) (where the Adjustment Spread cannot be determined under (A) or (B) above) the Issuer, following consultation with the Independent Adviser, determines is recognised or acknowledged as being the industry standard for over-the-counter derivative transactions which reference the Original Reference Rate, where such rate has been replaced by the Successor Rate or the Alternative Rate (as the case may be).

“Alternative Rate” means an alternative benchmark or screen rate which the Issuer following consultation with the Independent Adviser determines in accordance with Condition 4(1)(ii) is customarily applied in debt capital markets transactions for the purposes of determining rates of interest (or the relevant component part thereof) in the same Specified Currency as the Notes.

“Benchmark Amendments” has the meaning given to it in Condition 4(1)(iv).

“Benchmark Event” means:

- (A) the Original Reference Rate ceasing to be published for a period of at least 5 Business Days and on an indefinite basis or ceasing to exist; or
- (B) the making of a public statement by the administrator of the Original Reference Rate that it has ceased or that it will cease publishing the Original Reference Rate permanently or indefinitely (in circumstances where no successor administrator has been appointed that will continue publication of the Original Reference Rate); or
- (C) the making of a public statement by the supervisor of the administrator of the Original Reference Rate, that the Original Reference Rate has been or will be permanently or indefinitely discontinued; or
- (D) the making of a public statement by the supervisor of the administrator of the Original Reference Rate as a consequence of which the Original Reference Rate will be prohibited from being used either generally, or in respect of the Notes; or
- (E) the making of a public statement by the supervisor of the administrator of the Original Reference Rate that the Original Reference Rate is or will be (or is or will be deemed by such supervisor to be) no longer representative of its relevant underlying market; or
- (F) it has become unlawful for any Paying Agent, the Calculation Agent or the Issuer to calculate any payments due to be made to any Noteholder using the Original Reference Rate;

provided that the Benchmark Event shall be deemed to occur (a) in the case of sub-paragraphs (B) and (C) above, on the date of the cessation of publication of the Original Reference Rate or the date of the discontinuation of the Original Reference Rate, as the case may be, (b) in the case of sub-paragraph (D) above, on the date of prohibition of use of the Original Reference Rate and (c) in the case of sub-paragraph (E) above, on the date with effect from which the Original Reference Rate will no longer be (or will be deemed by the relevant supervisor to no longer be) representative of its relevant underlying market and which is specified in the relevant public statement, as the case may be, and, in each case, not the date of the relevant public statement (unless those two dates coincide).

“**Independent Adviser**” means an independent financial institution of international repute or an independent adviser with appropriate expertise appointed by the Issuer under Condition 4(l)(i).

“**Original Reference Rate**” means the originally-specified benchmark or screen rate (as applicable) used to determine the Rate of Interest (or any component part thereof) on the Notes (and shall, if such originally-specified benchmark or screen rate (or any subsequent Successor Rate or Alternative Rate) has since been replaced with a (or a further) Successor Rate or Alternative Rate as a result of the operation of this Condition 4(l), also be deemed to mean the latest such Successor Rate or Alternative Rate, as the case may be).

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

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

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

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

5 Deferral of Payments

(a) *Optional Deferral of Interest*

If “Optional Interest Payment Date” is specified as being applicable hereon, the Issuer may elect, in respect of any Optional Interest Payment Date, by notice to the Noteholders, the Paying Agents and the Trustee pursuant to Condition 5(f) below, to defer payment of the accrued but unpaid interest up to that

Optional Interest Payment Date (in whole or, if so specified hereon, in part), and in such circumstances the relevant interest payment (or, as applicable, part thereof) shall not fall due on such Optional Interest Payment Date, and the Issuer shall have no obligation to make such payment on that date.

(b) ***Mandatory Deferral of Interest***

Any payment of interest otherwise due on the Notes on an Interest Payment Date will be mandatorily deferred if such Interest Payment Date is a Mandatory Interest Deferral Date. The Issuer shall notify the Trustee, the Paying Agents and the Noteholders in accordance with Condition 5(f) if a Regulatory Deficiency Interest Deferral Event has occurred and is continuing or if a Regulatory Deficiency Interest Deferral Event would occur on the relevant Interest Payment Date if payment of interest were made (provided that, for the avoidance of doubt, any delay in giving or failure to give such notice shall not result in such interest becoming due and payable on the relevant Mandatory Interest Deferral Date, nor constitute a default or event of default under the Notes or the Trust Deed or for any other purpose). A certificate signed by two Directors delivered to the Trustee 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, may be treated and accepted by the Trustee as correct and sufficient evidence thereof and shall if so treated and accepted be binding on the Issuer, the holders of the Notes and the Coupons relating to them 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.

(c) ***No Default***

Notwithstanding any other provision in these Conditions or in the Trust Deed, the deferral of any payment of interest in accordance with this Condition 5 or in accordance with the Solvency Condition will not constitute a default by the Issuer and will not give holders of the Notes or the Coupons or the Trustee any right to accelerate repayment of the Notes or take any other action under the Notes, the Coupons or the Trust Deed.

(d) ***Arrears of Interest***

Any interest in respect of the Notes not paid on an Interest Payment Date as a result of (i) the exercise by the Issuer of its discretion pursuant to Condition 5(a) (if applicable), (ii) the obligation on the Issuer to defer pursuant to Condition 5(b) or (iii) the operation of the Solvency Condition contained in Condition 3(b), together with any other interest in respect thereof not paid on an earlier Interest Payment Date shall, 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 the Solvency Condition and (to the extent then required by the UK Regulator or the Relevant Rules) to any notifications to, or consent or the provision of non-objection from, the UK Regulator) be paid in whole or in part at any time at the election of the Issuer (provided that at such time a Regulatory Deficiency Interest Deferral Event is not subsisting and would not occur if payment of such Arrears of Interest were made) upon the expiry of not less than 14 days’ notice to such effect given by the Issuer to the Trustee, the Paying Agents and the Noteholders in accordance with Condition 16, and in any event all Arrears of Interest will become due and payable by the Issuer (subject, in the case of (i) and (iii) below, to the Solvency Condition and (to the extent then required by the UK

Regulator or the Relevant Rules) any notifications to, or consent or the provision of non-objection from, the UK Regulator) upon the earliest of the following dates:

- (i) the next Interest Payment Date which is not a Mandatory Interest Deferral Date (as evidenced by delivery of the certificate referred to in Condition 5(b)) and on which a scheduled payment of interest in respect of the Notes (or any part thereof) is made or is required to be made pursuant to these Conditions (other than a voluntary payment of Arrears of Interest); or
- (ii) the date on which an order is made or a resolution is passed for the winding-up of the Issuer (other than an Approved Winding-up) or the date on which any administrator of the Issuer gives notice that it intends to declare and distribute a dividend; or
- (iii) the date fixed for any redemption or purchase of Notes by the Issuer pursuant to Condition 6 (subject to any deferral of such redemption date pursuant to the Solvency Condition or Condition 6(b)) or Conditions 3(a) and 10.

If either of the events set out in Condition 5(e)(i) or (iii) occurs the Issuer promptly shall give notice to the Trustee, the Issuing and Paying Agent and the Noteholders in accordance with Condition 16.

(f) ***Notice of Deferral***

The Issuer shall notify the Trustee, the Paying Agents and the Noteholders in writing in accordance with Condition 16 not less than five Business Days prior to an Interest Payment Date:

- (i) if that Interest Payment Date is an Optional Interest Payment Date in respect of which the Issuer elects to defer interest as provided in Condition 5(a) above (and such notice shall specify the amount of interest to be so deferred and the amount (if any) to be paid on such Optional Interest Payment Date);
- (ii) if that Interest Payment Date is a Mandatory Interest Deferral Date and specifying 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, provided that if a Regulatory Deficiency Interest Deferral Event occurs or is determined to occur (or if a determination that a Regulatory Deficiency Interest Deferral Event would occur if the relevant interest payment were to be made is made) less than five Business Days prior to an Interest Payment Date, the Issuer shall give notice of the interest deferral in accordance with Condition 16 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) and provided further that, for the avoidance of doubt, any delay in giving or failure to give any such notice shall not result in such interest becoming due and payable on the relevant Mandatory Interest Deferral Date or constitute a default under the Notes or the Trust Deed or for any other purpose; or
- (iii) if payment of any interest will not become due on such Interest Payment Date as a result of a failure to satisfy the Solvency Condition, provided that if the circumstances resulting in the Solvency Condition not being satisfied occur, or are determined to occur, less than five Business Days prior to an Interest Payment Date, the Issuer shall give notice of the interest deferral in accordance with Condition 16 as soon as reasonably practicable following the occurrence, or (as the case may be) the determination of the occurrence, of such event (and in either case such notice shall specify that interest will not be paid as a result of the Solvency Condition not being satisfied) and provided further that, for the avoidance of doubt, any delay in giving or failure to give any

such notice shall not result in such interest becoming due and payable on the relevant Interest Payment Date or constitute a default under the Notes or the Trust Deed or for any other purpose.

6 Redemption, Substitution, Variation, Purchase and Options

(a) *Redemption at Maturity*

Subject to Conditions 3(b), 6(b) and 6(j) and to compliance by the Issuer with the requirements of the UK Regulator and the Relevant Rules, including (to the extent then required by the UK Regulator or the Relevant Rules) on notification to, or consent or the provision of non-objection from, the UK Regulator, and provided that such redemption is permitted under the Relevant Rules applicable from time to time to the Issuer (on the basis that the Notes are intended to qualify as Tier 2 Capital of the Issuer and/or the Insurance Group under the Relevant Rules), unless previously redeemed or purchased and cancelled or (pursuant to Condition 6(g)) substituted as provided below, if a Maturity Date is specified hereon, each Note shall be finally redeemed on the Maturity Date specified hereon at its Final Redemption Amount (which, unless otherwise provided hereon, is its principal amount), together with any interest accrued to (but excluding) the date of redemption in accordance with these Conditions and any Arrears of Interest.

(b) *Deferral of redemption date*

- (i) No Notes shall be redeemed on the Maturity Date (if applicable) pursuant to Condition 6(a) or redeemed prior to the Maturity Date (if applicable) pursuant to Condition 6(c), 6(d), 6(e), 6(f) or 6(i) or purchased pursuant to Condition 6(h) if a Regulatory Deficiency Redemption Deferral Event has occurred and is continuing or would occur if redemption or purchase were made on, if Condition 6(a) applies, the Maturity Date or, if Condition 6(c), 6(d), 6(e), 6(f) or 6(i) applies, any date specified for redemption in accordance with such Conditions or, if Condition 6(h) applies, the date of such purchase.
- (ii) If the Notes are not to be redeemed on the Maturity Date (if applicable) pursuant to Condition 6(a) or on any redemption date pursuant to Condition 6(c), 6(d), 6(e), 6(f) or 6(i) (as applicable) 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 redeemed on such date;
 - (B) the Solvency Condition would not be satisfied on such date or immediately after the redemption; and/or
 - (C) the UK Regulator does not consent to the redemption (to the extent that consent is then required by the UK Regulator or the Relevant Rules) or the UK Regulator objects to the redemption or such redemption otherwise cannot be effected in compliance with the Relevant Rules on such date,

the Issuer shall notify the Trustee and the Issuing and Paying Agent in writing and notify the Noteholders in accordance with Condition 16 no later than five Business Days prior to the Maturity Date (if applicable) or the date specified for redemption in accordance with Condition 6(c), 6(d), 6(e), 6(f) or 6(i), as applicable, (or as soon as reasonably practicable if the relevant circumstance requiring redemption to be deferred arises, or is determined, less than five Business Days prior to the relevant redemption date).

Failure to make, or any delay in making, any such notification shall not cause the Notes to become due and payable on such date and the Issuer shall not have any obligation to redeem the Notes

(or make any redemption payment in respect of the Notes) on that date, nor shall such failure or delay constitute a default under the Notes or the Trust Deed or for any other purpose.

- (iii) If redemption of the Notes does not occur on the Maturity Date (if applicable) or, as appropriate, the date specified in the notice of redemption by the Issuer under Condition 6(c), 6(d), 6(e), 6(f) or 6(i) as a result of Condition 6(b)(i) above or because the UK Regulator does not consent to the redemption (to the extent that consent is then required by the UK Regulator or the Relevant Rules) or the UK Regulator objects to the redemption or such redemption otherwise cannot be effected in compliance with the Relevant Rules on such date, then subject (in the case of (A) and (B) below only) to the Solvency Condition and (to the extent then required by the UK Regulator or the Relevant Rules) to any notifications to, or consent or the provision of non-objection from, the UK Regulator, such Notes shall be redeemed at their Final Redemption Amount (which, unless otherwise provided hereon, shall be their principal amount) or, as applicable, the relevant price specified in Condition 6(c), 6(d), 6(e) or 6(f) (or otherwise specified hereon), together with accrued and unpaid interest to (but excluding) the date fixed for redemption and any Arrears of Interest, upon the earliest of:
 - (A) in the case of a failure to redeem due to the operation of Condition 6(b)(i) only, the date falling 10 Business Days after the date the Regulatory Deficiency Redemption Deferral Event has ceased (unless, on such tenth Business Day, a further Regulatory Deficiency Redemption Deferral Event has occurred and is continuing or redemption of the Notes on such date would result in a Regulatory Deficiency Redemption Deferral Event occurring, in which case the provisions of this Condition 6(b) shall apply mutatis mutandis to determine the due date for redemption of the Notes); or
 - (B) the date falling 10 Business Days after the UK Regulator has agreed to the repayment or redemption of the Notes (where such approval is required under the Relevant Rules); or
 - (C) the date on which an order is made or a resolution is passed for the winding-up of the Issuer (other than an Approved Winding-up) or the date on which any administrator of the Issuer gives notice that it intends to declare and distribute a dividend.
- (iv) If Condition 6(b)(i) does not apply, but redemption of the Notes does not occur on the Maturity Date (if applicable) or, as appropriate, the date specified for redemption in accordance with Condition 6(c), 6(d), 6(e), 6(f) or 6(i) as a result of the Solvency Condition not being satisfied at such time and immediately after such payment, then subject (to the extent then required by the UK Regulator or the Relevant Rules) to any notifications to, or consent or the provision of non-objection from, the UK Regulator, such Notes shall be redeemed at their Final Redemption Amount (which, unless otherwise provided hereon, shall be their principal amount) or, as applicable, the relevant price specified in Condition 6(c), 6(d), 6(e), 6(f) or 6(i) (or otherwise specified hereon), together with accrued and unpaid interest to (but excluding) the date fixed for redemption and any Arrears of Interest, on the tenth Business Day immediately following the day that (a) the Issuer is solvent for the purposes of the Solvency Condition, and (b) redemption of the Notes would not result in the Issuer ceasing to be solvent for the purposes of the Solvency Condition, provided that, if, on such tenth Business Day specified for redemption, a Regulatory Deficiency Redemption Deferral Event has occurred and is continuing, or would occur if the Notes were to be redeemed, or if the Solvency Condition would not be satisfied on such date and immediately after the redemption, then the Notes shall not be redeemed on such date and Condition 6(b)(i), Condition 6(b)(ii) and Condition 6(b)(iii) (if such further deferral is due to a Regulatory Deficiency Redemption Deferral Event) or Condition 3(b) and this Condition 6(b)(iv)

(if such further deferral is due to the operation of the Solvency Condition) shall apply *mutatis mutandis* to determine the date of the redemption of the Notes.

- (v) A certificate signed by two Directors delivered to the Trustee 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 any circumstance described in Condition 6(b)(ii)(B) or (C) applies, may be treated and accepted by the Trustee (and, if so treated and accepted by the Trustee, shall be so treated and accepted by, and binding on, the Noteholders, Couponholders and all other interested parties) as correct and sufficient evidence thereof and the Trustee shall be entitled to rely on such certificate without liability to any person.
- (vi) Notwithstanding any other provision in these Conditions or in the Trust Deed, the deferral of redemption of the Notes in accordance with the Solvency Condition or this Condition 6(b) will not constitute a default by the Issuer and will not give Noteholders, Couponholders or the Trustee any right to accelerate the Notes or take any enforcement action under the Notes or the Trust Deed.
- (vii) In circumstances where redemption of the Notes has been deferred, the Issuer shall, as soon as reasonably practicable following its determination of the new scheduled redemption date in accordance with this Condition 6(b), give notice to the Trustee and to the Noteholders in accordance with Condition 16 of the new scheduled redemption date (but this shall be without prejudice to further deferral of redemption on such date in the circumstances required by these Conditions).

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

Unless the Issuer shall have given notice to redeem the Notes under Condition 6(d), 6(e), 6(f) or 6(i), and if "Issuer Call Option" is specified hereon, the Issuer may at its option, subject to the Solvency Condition and Conditions 6(b) and 6(j) and having given not less than 15 nor more than 30 days' notice (or such other notice period as may be specified hereon) to the Trustee, the Issuing and Paying Agent, in the case of Registered Notes, the Registrar and, in accordance with Condition 16, the Noteholders (which notice shall specify the date set for redemption and shall, subject as aforesaid, be irrevocable) redeem all or, if so specified hereon, some only of the Notes on any Optional Redemption Date specified hereon.

Any such redemption of Notes shall be at their Optional Redemption Amount (which, unless otherwise specified hereon, shall be their principal amount) together with any accrued and unpaid interest to (but excluding) the date fixed for redemption in accordance with these Conditions and any Arrears of Interest.

All Notes in respect of which any such notice is given shall, subject to Conditions 3(b), 6(b) and 6(j) be redeemed on the date specified in such notice in accordance with this Condition 6(c).

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

If, prior to the giving of the notice referred to below in this Condition 6(d), a Tax Event has occurred and is continuing, then the Issuer may, subject to the Solvency Condition and Conditions 6(b) and 6(j) and having given not less than 15 nor more than 60 days' notice (or such other notice period which may be specified hereon) to the Noteholders in accordance with Condition 16, the Trustee, and the Issuing and Paying Agent (which notice shall specify the date set for redemption and shall, subject as aforesaid, be irrevocable), elect to redeem in accordance with these Conditions all (but not some only) of the Notes, at any time or, if and for so long as the Note is a Floating Rate Note, on any Interest Payment Date, at

their Special Redemption Price (which, unless otherwise specified hereon, shall be their principal amount) together with any accrued and unpaid interest to (but excluding) the date fixed for redemption in accordance with these Conditions and any Arrears of Interest.

Subject to Conditions 3(b), 6(b) and 6(j), upon the expiry of such notice the Issuer shall redeem the Notes.

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

If, prior to the giving of the notice referred to below in this Condition 6(e), a Capital Disqualification Event has occurred and is continuing or, 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), a Capital Disqualification Event will occur within the forthcoming period of six months, then the Issuer may, subject to the Solvency Condition and Conditions 6(b) and 6(j) and having given not less than 15 nor more than 60 days' notice (or such other notice period which may be specified hereon) to the Noteholders in accordance with Condition 16, the Trustee, and the Issuing and Paying Agent (which notice may be given at any time up to and including the anniversary of the occurrence of such Capital Disqualification Event, shall specify the date set for redemption and shall, subject as aforesaid, be irrevocable), elect to redeem in accordance with these Conditions all (but not some only) of the Notes, at any time or, if and for so long as the Note is a Floating Rate Note, on any Interest Payment Date, at their Special Redemption Price (which, unless otherwise specified hereon, shall be their principal amount) together with any accrued and unpaid interest to (but excluding) the date fixed for redemption in accordance with these Conditions and any Arrears of Interest.

Subject to Conditions 3(b), 6(b) and 6(j), upon the expiry of such notice the Issuer shall redeem the Notes.

(f) ***Redemption for Rating Reasons***

If "Ratings Methodology Call" is specified hereon, and if, prior to the giving of the notice referred to below in this Condition 6(f), a Ratings Methodology Event has occurred or, as a result of any change in, or amendment or clarification to, or any change in the application or official interpretation of, any ratings methodology or other official publication, a Ratings Methodology Event will occur within a period of six months, then the Issuer may, subject to the Solvency Condition and Conditions 6(b) and 6(j) and having given not less than 15 nor more than 60 days' notice (or such other notice period which may be specified hereon) to the Noteholders in accordance with Condition 16, the Trustee and the Issuing and Paying Agent (which notice may be given at any time up to and including the first anniversary of the occurrence of such Ratings Methodology Event (or such other date as is specified hereon) and shall specify the date set for redemption and shall, subject as aforesaid, be irrevocable), elect to redeem in accordance with these Conditions all (but not some only) of the Notes, at any time or, if and for so long as the Note is a Floating Rate Note, on any Interest Payment Date, at their Special Redemption Price (which, unless otherwise specified hereon, shall be their principal amount), together with any accrued and unpaid interest to (but excluding) the date fixed for redemption in accordance with these Conditions and any Arrears of Interest.

Subject to Conditions 3(b), 6(b) and 6(j), upon the expiry of such notice the Issuer shall redeem the Notes.

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

Unless otherwise specified hereon, if a Tax Event, a Capital Disqualification Event or a Ratings Methodology Event has occurred and is continuing, or if a Capital Disqualification Event or a Ratings

Methodology Event will occur within a period of six months as aforesaid, then the Issuer may, subject to Condition 6(j) and having given not less than 15 nor more than 60 days' notice (or such other notice period as is specified hereon) to the Noteholders in accordance with Condition 16, the Trustee and the Issuing and Paying Agent and, in the case of Registered Notes, the Registrar (which notice shall specify the date set for substitution or, as the case may be, variation of the Notes and shall, subject as aforesaid, be irrevocable) but without any requirement for the consent or approval of the Noteholders or Couponholders, at any time either substitute all (but not some only) of the Notes for, or vary the terms of the Notes so that they remain or, as appropriate, become, (in the case of a Tax Event or a Capital Disqualification Event) Qualifying Tier 2 Securities or (in the case of a Ratings Methodology Event), Rating Agency Compliant Securities, and the Trustee shall (subject to the following provisions of this Condition 6(g) and subject to the receipt by it of the certificates of the Directors referred to in Condition 6(j) below and in the definition of Qualifying Tier 2 Securities or, as appropriate, Rating Agency Compliant Securities) agree to such substitution or variation. Upon the expiry of such notice, the Issuer shall (subject to Condition 6(j)) either vary the terms of or substitute the Notes in accordance with this Condition 6(g), as the case may be.

The Trustee shall (subject to the receipt by it of the certificates of the Directors referred to above and at the expense of the Issuer) use its reasonable endeavours to assist the Issuer in the substitution of the Notes for, or the variation of the terms of the Notes so that they remain, or as appropriate, become, Qualifying Tier 2 Securities or, as appropriate, Rating Agency Compliant Securities, provided that the Trustee shall not be obliged to participate in, or assist with, any such substitution or variation if the terms of the proposed alternative Qualifying Tier 2 Securities or, as appropriate, Rating Agency Compliant Securities or the participation in or assistance with such substitution or variation would impose, in the Trustee's opinion, more onerous obligations upon it or expose it to liabilities or reduce its protections. If, notwithstanding the above, the Trustee does not participate or assist as provided above, the Issuer may, subject as provided above, redeem the Notes at times and in the manner provided in, as appropriate, Condition 6(d), 6(e) or 6(f), or as provided in Condition 6(c).

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

(h) ***Purchases***

Subject to the Solvency Condition and Conditions 6(b) and 6(j), the Issuer and any of the Issuer's Subsidiaries may at any time purchase Notes (provided that, if the Notes are Bearer Notes, all unmatured Coupons and unexchanged Talons relating thereto are attached thereto or surrendered therewith) in any manner and at any price.

(i) ***Clean-up redemption at the option of the Issuer***

If "Issuer Clean-up Call" is specified as being applicable hereon, and if at any time after the Issue Date 80 per cent. or more of the aggregate principal amount of the Notes originally issued (and, for these purposes, any Further Notes will be deemed to have been originally issued) has been purchased by the Issuer or any of its Subsidiaries and cancelled, then the Issuer may, subject to the Solvency Condition and Conditions 6(b) and 6(j) and having given not less than 15 nor more than 30 days' notice (or such other notice period as may be specified hereon) to the Trustee, the Issuing and Paying Agent, in the case of Registered Notes, the Registrar and, in accordance with Condition 16, the Noteholders (which notice shall specify the date set for redemption and shall, subject as aforesaid, be irrevocable), redeem in accordance with these Conditions all, but not some only, of the Notes at the Clean-up Redemption Price (which, unless otherwise specified in the relevant Pricing Supplement, shall be their principal amount),

together with any Arrears of Interest and any other accrued and unpaid interest to (but excluding) the date of redemption.

Subject to the Solvency Condition and Conditions 6(b) and 6(j), upon expiry of such notice the Issuer shall redeem the Notes.

(j) ***Pre-conditions to Redemption, Substitution, Variation or Purchase***

Any redemption, substitution, variation or purchase of the Notes is subject, as applicable and to the extent then required by the UK Regulator or to the Relevant Rules, to:

- (i) the Issuer having complied with all relevant legal or regulatory requirements, including (to the extent then required by the UK Regulator or the Relevant Rules) rules on notification to, or consent or the provision of non-objection from, the UK Regulator;
- (ii) the Issuer being in continued compliance with the Regulatory Capital Requirements applicable to it at the relevant time;
- (iii) in the case of any redemption or purchase prior to the fifth anniversary of the Specified Date either:
 - (a) to such redemption or purchase being funded out of the proceeds of a new issuance of, or the Notes being exchanged into, own funds of the same or higher quality than the Notes and being otherwise permitted under the Relevant Rules; or
 - (b) in the case of a redemption pursuant to either Condition 6(d) or Condition 6(e), the Issuer having demonstrated to the satisfaction of the UK Regulator that the Solvency Capital Requirement immediately after the relevant redemption would be exceeded by an appropriate margin (taking in to account the solvency position of the Issuer and the Insurance Group, including by reference to the Issuer's and the Insurance Group's medium-term capital management plans); and
 - (A) in the case of any such redemption due to the occurrence of a Tax Event, the Issuer having demonstrated to the satisfaction of the UK Regulator that the applicable change in tax treatment is material; or
 - (B) in the case of any such redemption due to the occurrence of a Capital Disqualification Event, the UK Regulator considering that the relevant change in the regulatory classification of the Notes is sufficiently certain; and
 - (C) in either case, the Issuer having demonstrated to the satisfaction of the UK Regulator that such change was not reasonably foreseeable as at the Specified Date;
 - (c) such redemption, substitution, variation or purchase being otherwise permitted under the Relevant Rules.

Notwithstanding the above conditions, if, at the time of any redemption, substitution, variation or purchase, 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 6(j), the Issuer shall comply with such other and/or, as appropriate, additional pre-condition(s).

Prior to the publication of any notice of substitution, variation or redemption pursuant to this Condition 6 (other than redemption pursuant to Condition 6(c)), the Issuer shall deliver to the Trustee:

- (i) a certificate signed by two Directors stating that (1) the relevant requirements or circumstances giving rise to the right to redeem, substitute or, as appropriate, vary is satisfied, (2) in the case of a substitution or variation, that the terms of the relevant Qualifying Tier 2 Securities or, as appropriate, Rating Agency Compliant Securities comply with the definition thereof in Condition 18, and (3) in the case of any redemption prior to the fifth anniversary of the Specified Date due to the occurrence of a Tax Event or a Capital Disqualification Event, that the applicable change in tax treatment or, as the case may be, regulatory classification was not reasonably foreseeable as at the Specified Date; and
- (ii) in the case of a redemption pursuant to Condition 6(d) only, an opinion from a nationally recognised law firm or other tax adviser in the UK experienced in such matters to the effect that the relevant requirement or circumstance referred to in any of paragraphs (i) to (iii) (inclusive) of the definition of “Tax Event” applies (but, for the avoidance of doubt, such opinion shall not be required to comment on the ability of the Issuer to avoid such circumstance by taking measures reasonably available to it). The Trustee shall be entitled to accept (and if so treated and accepted by the Trustee, shall be so treated and accepted by the Noteholders and Couponholders) such certificate and, where applicable, opinion as sufficient evidence of the satisfaction of the relevant conditions precedent in which event it shall be conclusive and binding on the Trustee and the Noteholders and Couponholders.

(k) ***Cancellation***

All Notes purchased by or on behalf of the Issuer or any Subsidiary of the Issuer may (subject to any requirements of the UK Regulator or the Relevant Rules, if applicable) be held, reissued, resold or surrendered for cancellation, in the case of Bearer Notes, by surrendering each such Note together with all unmatured Coupons and all unexchanged Talons to the Issuing and Paying Agent and, in the case of Registered Notes, by surrendering the Certificate representing such Notes to the Registrar and, in each case, if so surrendered, shall, together with all Notes redeemed by the Issuer, be cancelled promptly (together with all unmatured Coupons and unexchanged Talons attached thereto or surrendered therewith, where applicable). Any Notes so redeemed or surrendered for cancellation may not be reissued or resold and the obligations of the Issuer in respect of any such Notes and Coupons shall be discharged.

(l) ***Trustee not obliged to monitor***

The Trustee shall not be under any duty to monitor whether any event or circumstance has happened or exists for the purposes of this Condition 6 and will not be responsible to Noteholders or the Couponholders for any loss arising from any failure by it to do so. Unless and until the Trustee has express notice pursuant to these Conditions or the Trust Deed of the occurrence of any event or circumstance to which this Condition 6 relates, it shall be entitled to assume that no such event or circumstance exists or has arisen.

7 Payments and Talons

(a) ***Bearer Notes***

Payments of principal and interest in respect of Bearer Notes shall, subject as mentioned below, be made against presentation and surrender of the relevant Notes (in the case of all payments of principal and, in the case of interest, as specified in Condition 7(f)(v)) or Coupons (in the case of interest, save as specified in Condition 7(f)(ii)), as the case may be, at the specified office of any Paying Agent outside the U.S. by

transfer to an account denominated in such currency with, a bank in the principal financial centre for such currency or, in the case of euro, in a city in which banks have access to the TARGET System.

(b) ***Registered Notes***

- (i) Payments of principal in respect of Registered Notes shall be made against presentation and surrender of the relevant Certificates at the specified office of any of the Transfer Agents or of the Registrar and in the manner provided in Condition 7(b)(ii) below.
- (ii) Interest on Registered Notes shall be paid to the person shown on the Register at the close of business on the fifteenth day before the due date for payment thereof (the “**Record Date**”). Payments of interest on each Registered Note shall be made in the relevant currency and to the holder (or to the first named of joint holders) of such Note by transfer to an account in the relevant currency maintained by the payee with a bank.

(c) ***Payments in the U.S.***

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

(d) ***Payments subject to Fiscal Laws***

Save as provided in Condition 8, payments will be subject in all cases to any fiscal or other laws, regulations and directives in the place of payment or other laws or regulations to which the Issuer or its Agents agree to be subject and the Issuer will not be liable for any taxes or duties of whatever nature imposed or levied by such laws, regulations, directives or agreements. No commissions or expenses shall be charged to the Noteholders or Couponholders in respect of such payments.

(e) ***Appointment of Agents***

The Issuing and Paying Agent, the Paying Agents, the Registrar, the Transfer Agents and the Calculation Agent initially appointed by the Issuer (for all purposes other than ISDA Determination for Floating Rate Notes, where the Calculation Agent will be specified in the Pricing Supplement, as applicable) and their respective specified offices are listed below. Subject as provided in the Agency Agreement, the Issuing and Paying Agent, the Paying Agents, the Registrar, the Transfer Agents and the Calculation Agent act solely as agents of the Issuer and do not assume any obligation or relationship of agency or trust for or with any Noteholder or Couponholder. The Issuer reserves the right at any time with the prior written approval of the Trustee to vary or terminate the appointment of the Issuing and Paying Agent, any other Paying Agent, the Registrar, any Transfer Agent or the Calculation Agent(s) and to appoint additional or other Paying Agents, Calculation Agents or Transfer Agents, provided that the Issuer shall at all times maintain (i) an Issuing and Paying Agent, (ii) a Registrar in relation to Registered Notes, (iii) a Transfer Agent in relation to Registered Notes, (iv) one or more Calculation Agent(s) where the Conditions so require, and (v) a Paying Agent.

In addition, the Issuer shall forthwith appoint a Paying Agent in New York City in respect of any Bearer Notes denominated in U.S. dollars in the circumstances described in Condition 7(c).

Notice of any such change or any change of any specified office shall promptly be given to the Noteholders in accordance with Condition 16. If any additional Paying Agents are appointed in connection with the Notes, the names of such Paying Agents will be specified hereon.

(f) ***Unmatured Coupons and unexchanged Talons***

- (i) Upon the due date for redemption of Bearer Notes which comprise Fixed Rate Notes (other than any Fixed Rate Notes where the total value of the unmatured coupons appertaining thereto exceeds the nominal amount of such Note) such Notes should be surrendered for payment together with all unmatured Coupons (if any) relating thereto, failing which an amount equal to the face value of each missing unmatured Coupon (or, in the case of payment not being made in full, that proportion of the amount of such missing unmatured Coupon that the sum of principal so paid bears to the total principal due) shall be deducted from the Final Redemption Amount, Optional Redemption Amount, Special Redemption Price or Clean-up Redemption Price as the case may be and as may be provided for hereon, due for payment. Any amount so deducted shall be paid in the manner mentioned above against surrender of such missing Coupon within a period of 10 years from the Relevant Date for the payment of such principal (whether or not such Coupon has become void pursuant to Condition 9).
- (ii) Upon the due date for redemption of any Bearer Note comprising a Fixed to Floating Rate Note, a Fixed Rate Reset Note or a Floating Rate Note or (where the total value of the unmatured coupons exceeds the nominal amount of such Note) a Fixed Rate Note, unmatured Coupons relating to such Note (whether or not attached) shall become void and no payment shall be made in respect of them.
- (iii) Upon the due date for redemption of any Bearer Note, any unexchanged Talon relating to such Note (whether or not attached) shall become void and no Coupon shall be delivered in respect of such Talon.
- (iv) Where any Bearer Note that provides that the relevant unmatured Coupons are to become void upon the due date for redemption of those Notes is presented for redemption without all unmatured Coupons, and where any Bearer Note is presented for redemption without any unexchanged Talon relating to it, redemption shall be made only against the provision of such indemnity as the Issuer may require.
- (v) If the due date for redemption of any Note is not a due date for payment of interest, interest accrued from the preceding due date for payment of interest or the Interest Commencement Date, as the case may be, shall only be payable against presentation (and surrender if appropriate) of the relevant Bearer Note or Certificate representing it, as the case may be. Interest accrued on a Note that only bears interest after its Maturity Date (if one is specified hereon) shall be payable on redemption of such Note against presentation of the relevant Note or Certificate representing it, as the case may be.

(g) ***Talons***

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

(h) ***Non-Business Days***

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

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

8 **Taxation**

All payments of principal, premium and interest (including, without limitation, Arrears of Interest) by or on behalf of the Issuer in respect of the Notes and the Coupons 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 a Relevant Jurisdiction, unless such withholding or deduction is required by law. In that event, the Issuer shall pay such additional amounts in relation to interest and Arrears of Interest (but not principal) as shall result in receipt by the Noteholders and Couponholders of such amounts as would have been received by them in respect of payments of interest and Arrears of Interest had no such withholding or deduction been required, except that no such additional amounts shall be payable with respect to any Note or Coupon:

- (a) ***Other connection:*** held or presented for payment by or on behalf of a holder who is liable to such taxes, duties, assessments or governmental charges in respect of such Note or Coupon by reason of his having some connection with the Relevant Jurisdiction other than the mere holding of the Note or Coupon; or
- (b) ***Lawful avoidance of withholding:*** held or presented for payment by, or by a third party on behalf of, a holder who could lawfully avoid (but has not so avoided) such deduction or withholding by making or procuring that any third party makes a declaration of non-residence or other similar claim for exemption to any relevant tax authority (including, where presentation or surrender is required by these Conditions, in the place where the relevant Note (or the Certificate representing it) or Coupon is presented or surrendered for payment); or
- (c) ***Presentation more than 30 days after the Relevant Date:*** (where presentation or surrender is required by these Conditions) presented or surrendered (or in respect of which the Certificate representing it is presented or surrendered) for payment more than 30 days after the Relevant Date (as defined below) except to the extent that the holder of it would have been entitled to such additional amounts on presenting or surrendering it for payment on the thirtieth day after the Relevant Date; or
- (d) ***Any combination:*** where such withholding or deduction arises out of any combination of paragraphs (a) to (c) above.

As used in these Conditions, “**Relevant Date**” in respect of any Note or Coupon 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 presentation of the Note (or relevant

Certificate) or Coupon being made in accordance with these Conditions, such payment will be made, provided that payment is in fact made upon such presentation.

References in these Conditions to (i) “**principal**” shall be deemed to include any premium payable in respect of the Notes, Final Redemption Amount, Optional Redemption Amount, Special Redemption Price or Clean-up Redemption Price and all other amounts in the nature of principal payable pursuant to Condition 6 or any amendment or supplement to it, (ii) “**interest**” shall be deemed to include all Interest Amounts and all other amounts payable pursuant to Condition 5 or any amendment or supplement to it and any additional amounts that may be payable under this Condition 8 or under any undertakings given in addition to, or in substitution for, it pursuant to the Trust Deed (“**Additional Amounts**”).

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

9 Prescription

Claims against the Issuer for payment in respect of principal, interest and Arrears of Interest payable on the Notes and Coupons (which, for this purpose, shall not include Talons) shall be prescribed and become void unless made within 10 years (in the case of principal) or five years (in the case of interest, including Arrears of Interest) from the appropriate Relevant Date in respect of them.

10 Enforcement

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

Notwithstanding any of the provisions below in this Condition 10, the right to institute winding-up proceedings in respect of the Issuer is limited to circumstances where payment has become due and is not duly paid. Pursuant to Condition 3(b), no principal, interest or any other amount will be due on a scheduled payment date if the Solvency Condition is not or would not be satisfied at the time of and immediately after any such payment. In addition, in the case of any payment of interest (or any part thereof) in respect of the Notes which is deferred pursuant to Condition 5(a) or 5(b), such payment (or, as applicable, the relevant part thereof so deferred) will not be due on the scheduled payment date, and, in the case of any payment of principal, such payment will be deferred and will not be due on the scheduled payment date if Condition 6(b)(i) applies or the UK Regulator does not consent to the redemption (to the extent that consent is then required by the UK Regulator or the Relevant Rules), the UK Regulator objects to the redemption or such redemption otherwise cannot be effected in compliance with the Relevant Rules on such date.

If:

- (i) a default is made for a period of 14 days (i) or more in the payment of any interest (including, without limitation, Arrears of Interest and any other amount due in respect of the Notes) or principal due in respect of the Notes or any of them; or

- (ii) a winding-up of the Issuer (other than an Approved Winding-up) occurs or an administrator of the Issuer is appointed and the administrator has given notice that it intends to declare and distribute a dividend,

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

- (A) in the case of Condition 10(a)(i), institute proceedings for the winding-up of the Issuer; and
- (B) in the case of each of Condition 10(a)(i) and Condition 10(a)(ii), prove in the winding-up or administration of the Issuer and/or claim in the liquidation of the Issuer (such claim being for such amount, and being subordinated in the manner, as is provided in Condition 3),

but (in either case) may take no further or other action to enforce, prove or claim for any payment by the Issuer in respect of the Notes, Coupons or the Trust Deed.

No payment in respect of the Notes, Coupons or the Trust Deed may be made by the Issuer pursuant to this Condition 10(a), nor will the Trustee accept the same, otherwise than during or after a winding-up of the Issuer or after an administrator of the Issuer has given notice that it intends to declare and distribute a dividend, unless the Issuer has given prior written notice (with a copy to the Trustee) to, and received consent or the provision of non-objection from, the UK Regulator, which the Issuer shall confirm in writing to the Trustee and upon which the Trustee may rely conclusively without liability to any person.

(b) ***Enforcement***

Without prejudice to Condition 10(a), the Trustee may, at its discretion and without notice, institute such proceedings or take such steps or actions against the Issuer as it may think fit to enforce any obligation, term, condition or provision binding on the Issuer under the Trust Deed or the Notes (other than any payment obligation of the Issuer under or arising from the Notes, the Coupons or the Trust Deed, including, without limitation, payment of any principal or interest (including, without limitation, Arrears of Interest) in respect of the Notes and any damages awarded for breach of any obligations, but excluding any obligation of the Issuer to make payments to the Trustee acting on its own account under the Trust Deed in respect of its costs, expenses, liabilities or remuneration) but in no event shall the Issuer, 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 10(b) shall, subject to Condition 10(a), prevent the Trustee instituting proceedings for the winding-up of the Issuer, proving in any winding-up or administration of the Issuer and/or claiming in any liquidation of the Issuer in respect of any payment obligations of the Issuer arising from the Notes, the Coupons or the Trust Deed (including, without limitation, payment of any principal or interest (including, without limitation, Arrears of Interest) in respect of the Notes and any damages awarded for any breach of any obligations under the Notes or the Trust Deed).

(c) ***Entitlement of Trustee***

The Trustee shall not be bound to take any of the actions, steps or proceedings referred to in Condition 10(a) or 10(b) above against the Issuer to enforce the terms of the Trust Deed, the Notes or the Coupons 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-quarter 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.

(d) ***Right of Noteholders and Couponholders***

No Noteholder or Couponholder shall be entitled to proceed directly against the Issuer or to institute proceedings for the winding-up of the Issuer or prove or claim in the liquidation, winding-up or administration of the Issuer unless the Trustee, having become so bound to proceed, is unable or fails to do so within 60 days and such failure or inability (as applicable) shall be continuing, in which case, the Noteholders and Couponholders shall have only such rights against the Issuer as those which the Trustee is entitled to exercise in respect of such Notes or Coupons as set out in this Condition 10.

(e) ***Extent of Noteholders' and Couponholders' remedies***

No remedy against the Issuer, other than as referred to in this Condition 10, shall be available to the Trustee, the Noteholders or the Couponholders, whether for the recovery of amounts owing in respect of the Notes, the Coupons or under the Trust Deed or in respect of any breach by the Issuer of any of its other obligations under or in respect of the Notes or the Coupons or under the Trust Deed.

11 Meetings of Noteholders, Modification, Waiver and Substitution

(a) ***Meetings of Noteholders***

The Trust Deed contains provisions for convening meetings of Noteholders (including by way of conference call or videoconference) to consider any matter affecting their interests, including the modification or abrogation by Extraordinary Resolution (as defined in the Trust Deed) of any of these Conditions or any of the provisions of the Trust Deed. Such a meeting may be convened by the Issuer, the Trustee or Noteholders holding not less than 10 per cent. in nominal amount of the Notes for the time being outstanding. The quorum at any meeting convened to consider an Extraordinary Resolution shall be one or more persons holding or representing a clear majority in nominal amount of the Notes for the time being outstanding, or at any adjourned meeting one or more persons holding or representing Noteholders whatever the nominal amount of the Notes held or represented, unless the business of such meeting includes consideration of proposals, inter alia (i) to amend the dates of maturity or redemption of the Notes or any date for payment of interest or Arrears of Interest on the Notes, (ii) to reduce or cancel the principal amount of the Notes, (iii) to reduce the rate of interest or Arrears of Interest in respect of the Notes or to vary the method or basis of calculating the rate or rates or amount of interest or the basis for calculating any interest amount in respect of the Notes, (iv) to vary the circumstances in which interest payments may or shall be deferred (unless such variation reduces the circumstances in which interest payments may or shall be deferred), (v) to vary the currency or currencies of payment or denomination of the Notes, (vi) to take any steps that as specified hereon may only be taken following approval by an Extraordinary Resolution to which the special quorum provisions apply, (vii) to modify the provisions concerning the quorum required at any meeting of Noteholders or the majority required to pass an Extraordinary Resolution, or (viii) to modify Condition 3 (and the provisions of the Trust Deed relating to subordination), in which case the necessary quorum for passing an Extraordinary Resolution will be one or more persons present holding or representing not less than two-thirds, or at any adjourned such meeting not less than one-third, of the nominal amount of the Notes for the time being outstanding. Any Extraordinary Resolution duly passed shall be binding on Noteholders (whether or not they were present at the meeting at which such resolution was passed) and on all Couponholders.

The Trust Deed provides that (i) a resolution in writing signed by or on behalf of the holders of not less than 75 per cent. in nominal amount of the Notes for the time being outstanding (with proof of holdings as set out in the Trust Deed) or (ii) consent to a resolution given by way of electronic consents through the relevant clearing system(s) (in a form satisfactory to the Trustee) by or on behalf of holder(s) of not less than 75 per cent. in nominal amount of the Notes for the time being outstanding who (in either case)

would have been entitled to vote upon such resolution if it had been proposed at a meeting at which they were present, shall, in each case, be effective as an Extraordinary Resolution of the Noteholders. Any resolution in writing may be contained in one document or several documents in the same form, each signed by or on behalf of one or more Noteholders.

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 circumstances described in Condition 4(l) or those relating to substitution or variation of the Notes pursuant to Condition 6(g) or any consequential amendments to these Conditions and/or the Trust Deed approved by the Trustee in connection with a substitution of the Issuer.

(b) *Modification of the Trust Deed*

The Trustee may agree, without the consent of the Noteholders or Couponholders, to (i) any modification of any of these Conditions and the provisions of the Trust Deed or the Agency Agreement that is in the opinion of the Trustee of a formal, minor or technical nature or is made to correct a manifest error or to comply with mandatory provisions of law, and (ii) any other modification (except as mentioned in the Trust Deed), and any waiver or authorisation of any breach or proposed breach, of any of these Conditions and the provisions of the Trust Deed or the Agency Agreement that is, in the opinion of the Trustee, not materially prejudicial to the interests of the Noteholders or (if the Notes are Bearer Notes) Couponholders.

The Trustee may, without the consent of Noteholders or Couponholders, determine that any Event of Default or Potential Event of Default (each as defined in the Trust Deed) should not be treated as such, provided that, in the opinion of the Trustee, the interests of Noteholders and (if the Notes are Bearer Notes) Couponholders are not materially prejudiced thereby.

(c) *Entitlement of the Trustee*

In connection with any exercise of its functions (including, but not limited to, those referred to in this Condition 11), the Trustee shall have regard to the interests of the Noteholders and Couponholders as a class and the Trustee shall not have regard to the consequences of such exercise for individual Noteholders or Couponholders resulting from their being for any purpose domiciled or resident in, or otherwise connected with, or subject to the jurisdiction of, any particular territory.

In connection with any such exercise as aforesaid, no Noteholder or Couponholder shall be entitled to claim, whether from the Issuer, the Substitute Obligor or the Trustee or any other person, any indemnification or payment in respect of any tax consequence of any such substitution or any such exercise upon any individual Noteholders except to the extent already provided in Condition 8 and/or any undertaking given in addition thereto or in substitution therefor pursuant to the Trust Deed.

Nothing in the Trust Deed or these Conditions (including, without limitation, the provisions of Condition 3 or Condition 10) shall affect or prejudice the payment of the costs, fees, charges, expenses, liabilities or remuneration of the Trustee for its own account under the Trust Deed or the rights and remedies of the Trustee in respect thereof.

(d) *Notification to the Noteholders*

Any modification, abrogation, waiver, authorisation, determination or substitution pursuant to this Condition 11 shall be binding on the Noteholders and the Couponholders and, unless the Trustee agrees otherwise, shall be notified by the Issuer to the Noteholders as soon as practicable thereafter in accordance with Condition 16.

(e) *Notice to the UK Regulator*

No modification to these Conditions or any other provisions of the Trust Deed shall become effective unless (to the extent then required by the UK Regulator or the Relevant Rules) the Issuer shall have given at least one month's prior written notice to, and received consent or no objection from, the UK Regulator (or such other period of notice as the UK Regulator may from time to time require or accept).

12 Substitution

The Trustee may agree with the Issuer, without the consent of the Noteholders, to the substitution, on a subordinated basis equivalent to that referred to in Condition 3, of the successor in business of the Issuer incorporated in any country in the world (the "**Substitute Obligor**") in place of the Issuer (or any previous Substitute Obligor under this Condition 12) as a new principal debtor under the Trust Deed, the Notes and the Coupons, provided that:

- (a) (without prejudice to the rights of reliance of the Trustee under Condition 12(c)) the Trustee is satisfied that the said substitution is not materially prejudicial to the interests of the Noteholders or (if the Notes are Bearer Notes) Couponholders;
- (b) a trust deed is executed or some other form of undertaking is given by the Substitute Obligor in form and manner satisfactory to the Trustee, agreeing to be bound by the terms of the Trust Deed and the Notes, with any consequential amendments which the Trustee may deem appropriate, as fully as if the Substitute Obligor had been named in the Trust Deed and on the Notes and (if the Notes are Bearer Notes) Coupons, as the principal debtor in place of the Issuer (or of any previous Substitute Obligor, as the case may be);
- (c) two Directors of the Substitute Obligor or other officers acceptable to the Trustee certify that the Substitute Obligor is solvent at the time at which the said substitution is proposed to be effected (and the Trustee may rely absolutely on such certification without further enquiry and without liability to any person and shall not be bound to have regard to the financial position, profits or prospects of the Substitute Obligor or to compare the same with those of the Issuer (or any previous Substitute Obligor under this Condition 12));
- (d) two Directors of the Substitute Obligor certify to the Trustee that such substitution will not give rise to a Tax Event, a Capital Disqualification Event or a Ratings Methodology Event;
- (e) (without prejudice to the generality of Condition 12(a)) the Trustee may, in the event of such substitution, agree, without the consent of the Noteholders or (if the Notes are Bearer Notes) Couponholders, to a change in the law governing the Trust Deed and/or the Notes and (if applicable) Coupons, provided that such change would not, in the opinion of the Trustee, be materially prejudicial to the interests of the Noteholders or (if applicable) Couponholders;
- (f) if the Substitute 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 or any such authority to the taxing jurisdiction of which the Issuer is subject generally (the "**Issuer's Territory**"), the Substitute Obligor will (unless the Trustee otherwise agrees) give to the Trustee an undertaking satisfactory to the Trustee in terms corresponding to Condition 8 with the substitution for, or, as the case may be, the addition to, the references in that Condition and in the definitions of Relevant Jurisdiction, Tax Event and Tax Law Change to the Issuer's Territory of references to the Substituted Territory, whereupon the Trust Deed and the Notes will be read accordingly; and

- (g) the Issuer and the Substitute Obligor comply with such other requirements as are reasonable in the interests of the Noteholders and (if the Notes are Bearer Notes) Couponholders, as the Trustee may direct.

Any substitution pursuant to this Condition 12 shall (i) so long as the Notes are recognised as Tier 2 Capital and to the extent then required by the Relevant Rules, not occur prior to the fifth anniversary of the Specified Date; and (ii) be subject to the Issuer receiving consent or the provision of non-objection from the UK Regulator, and the UK Regulator not having withdrawn its approval, permission or consent, to such act (in any case only if and to the extent then required by the UK Regulator or the Relevant Rules).

Any such substitution shall be binding on the Noteholders and (if the Notes are Bearer Notes) Couponholders and shall be notified to the Noteholders as soon as practicable thereafter in accordance with Condition 16.

13 Indemnification of the Trustee and its Contracting with the Issuer

(a) ***Indemnification and protection 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 Noteholders and the Couponholders, 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***

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 any of the Issuer's Subsidiaries and/or any Substitute Obligor and to act as trustee for the holders of any other securities issued or guaranteed by, or relating to, the Issuer and/or any of the Issuer's Subsidiaries and/or any Substitute Obligor, (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 or Couponholders, 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 the advice, opinion or report of or any information obtained from any lawyer, valuer, accountant (including the auditors of the Issuer), surveyor, banker, broker, auctioneer, or other expert (whether obtained by the Issuer, 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, any Substitute Obligor or any two Directors of the Issuer or of any Substitute 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.

14 Replacement of Notes, Certificates, Coupons and Talons

If a Note, Certificate, Coupon or Talon is lost, stolen, mutilated, defaced or destroyed, it may be replaced, subject to applicable laws, regulations and stock exchange or other relevant authority regulations, at the specified office of the Issuing and Paying Agent (in the case of Bearer Notes, Coupons or Talons) or of the Registrar (in the case of Certificates) or such other Paying Agent or Transfer Agent, as the case may be, as may from time to time be designated by the Issuer for the purpose and notice of whose designation is given to Noteholders, in each case on payment by the claimant of the fees and costs incurred in connection therewith and on such terms as to evidence, security and indemnity (which may provide, *inter alia*, that if the allegedly lost, stolen or destroyed Note, Certificate, Coupon or Talon is subsequently presented for payment or, as the case may be, for exchange for further Coupons, there shall be paid to the Issuer on demand the amount payable by the Issuer in respect of such Notes, Certificates, Coupons or further Coupons) and otherwise as the Issuer may reasonably require. Mutilated or defaced Notes, Certificates, Coupons or Talons must be surrendered before replacements will be issued.

15 Further Issues

The Issuer may from time to time without the consent of the Noteholders or Couponholders create and issue further securities having the same terms and conditions as the Notes in all respects (or in all respects except for the amount and date of the first payment of interest on them and the date from which interest starts to accrue) and so that such further issue shall be consolidated and form a single series with the outstanding securities of any Series (including the Notes). References in these Conditions to the Issue Date shall be to the Issue Date of the first Tranche of Notes of any Series. References in these Conditions to the Notes include (unless the context requires otherwise) any other securities issued pursuant to this Condition 15 and forming a single series with the Notes (“**Further Notes**”). Any further securities forming a single series with the outstanding securities of any Series (including the Notes) constituted by the Trust Deed or any deed supplemental to it shall be constituted by the Trust Deed. The Trust Deed contains provisions for convening a single meeting of the Noteholders and the holders of securities of other Series where the Trustee so decides.

16 Notices

Notices to the holders of Registered Notes shall be valid if mailed to them at their respective addresses in the Register and deemed to be given on the fourth weekday (being a day other than a Saturday or Sunday) after the date of mailing. Notices to the holders of Bearer Notes shall be valid if published in a daily newspaper of general circulation in London (which is expected to be the *Financial Times*). The Issuer shall also ensure that notices are duly published in a manner which complies with the rules and regulations of any stock exchange or any other relevant authority on which the Notes are for the time being listed.

If in the opinion of the Trustee any such publication is not practicable, notice shall be validly given if published in another leading daily English language newspaper with general circulation in Europe. Any such notice shall be deemed to have been given on the date of such publication or, if published more than once or on different dates, on the first date on which publication is made, as provided above. The Trustee shall be at liberty to sanction any other method of giving notice to the Noteholders if, in its sole opinion, such other method is reasonable having regard to market practice then prevailing and to the requirements of the stock exchange on which the relevant Notes are then admitted to trading and provided that notice of such other method is given to the Noteholders in such manner as the Trustee shall require.

Couponholders shall be deemed for all purposes to have notice of the contents of any notice given to the holders of Bearer Notes in accordance with this Condition 16.

Notices to be given by any Noteholder shall be in writing and given by lodging the same, together (in the case of any Note in definitive form) with the relative Note or Notes, with the Issuing and Paying Agent (in the case of Bearer Notes) or the Registrar (in the case of Registered Notes).

17 **Contracts (Rights of Third Parties) Act 1999**

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.

18 **Definitions**

As used herein:

“**Additional Amount**” has the meaning given to it in Condition 8;

“**Additional Financial Centres**” has the meaning given to it in the relevant Pricing Supplement;

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

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

“**Approved Winding-up**” means a solvent winding-up of the Issuer solely for the purposes of (i) either a reconstruction or amalgamation of the Issuer, the terms of which reconstruction or amalgamation have previously been approved in writing by the Trustee or by an Extraordinary Resolution, or (ii) a substitution of the Issuer effected in accordance with Condition 12 and clause 16.2 of the Trust Deed, which in the case of either (i) or (ii), do not provide that the Notes shall thereby become payable;

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

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

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

“**Calculation Agent(s)**” has the meaning given in the preamble to these Conditions or, in the case of Condition 4(c)(iii)(A), as defined therein;

a “**Capital Disqualification Event**” shall be deemed to have occurred if at any time, as a result of any change to (or change to the interpretation by any court or authority entitled to do so of) the Relevant Rules, which change has occurred or which the UK Regulator considers to be sufficiently certain, 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 Issuer or the Insurance Group as a whole, 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 (other than a limitation derived from any transitional or grandfathering provisions under the Relevant Rules);

“**Certificates**” has the meaning given in Condition 1;

“**Clean-up Redemption Price**” has the meaning given to it in the relevant Pricing Supplement;

“**Compulsory Interest Payment Date**” means any Interest Payment Date (i) in respect of which during the immediately preceding six month period a Compulsory Interest Payment Event has occurred; (ii) on which the

relevant interest payment can be made in compliance with the Solvency Condition; and (iii) which is not a Mandatory Interest Deferral Date;

“**Compulsory Interest Payment Event**” means:

- (a) any declaration, payment or making of a dividend or distribution by the Issuer to its ordinary shareholders; or
- (b) any declaration, payment or making of a dividend, distribution or coupon on any other Junior Obligations or *Pari Passu* Obligations, except where such dividend, distribution or coupon was required to be declared, paid or made under, or in accordance with, the terms of such Junior Obligations or *Pari Passu* Obligations; or
- (c) any repurchase by the Issuer of any of its ordinary shares for cash, provided such repurchase is not made in the ordinary course of business of the Issuer in connection with any share option scheme or share ownership scheme for management or employees of the Issuer or management or employees of affiliates of the Issuer; or
- (d) any redemption or purchase by the Issuer or any Subsidiary of the Issuer of any other Junior Obligations or any *Pari Passu* Obligations for cash, except a redemption required to be effected under, or in accordance with, the terms of such Junior Obligations or *Pari Passu* Obligations,

provided that if at any time, and for so long as, the existence of any of the Compulsory Interest Payment Events at paragraphs (a) to (d) (each inclusive) above would result in the Notes or any part thereof ceasing to be eligible to qualify as Tier 2 Capital under the Relevant Rules, the provisions of each of those paragraphs which would cause such result shall have no effect and the relevant circumstances described in such provisions shall not constitute a Compulsory Interest Payment Event;

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

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

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

“**Euronext Dublin**” means The Irish Stock Exchange plc, trading as Euronext Dublin;

“**European Economic Area**” or “**EEA**” means the countries comprising the European Union together with Norway, Liechtenstein and Iceland;

“**EUWA**” means the European Union (Withdrawal) Act 2018;

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

“**Final Redemption Amount**” has the meaning given to it in the relevant Pricing Supplement;

In setting the Final Redemption Amount the Issuer shall have consideration to the limitations set out in any Relevant Rules.

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

“**Global Exchange Market**” means Euronext Dublin’s Global Exchange Market;

“**Group Insurance Undertaking**” means an insurance undertaking or reinsurance undertaking whose data is included for the purposes of the calculation of the Solvency Capital Requirement of the Insurance Group pursuant to the Relevant Rules;

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

“Insolvent Insurer Winding-up” means:

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

in each case where the Issuer has determined, acting reasonably, that all Policyholder Claims of the policyholders or beneficiaries under contracts of insurance and reinsurance of that Group Insurance Undertaking may or will not be met in full;

“Insurance Group” means, at any time, the Insurance Group Parent Entity and its Subsidiaries at such time;

“Insurance Group Parent Entity” means Rothesay Limited or, if the Issuer has an ultimate insurance holding company that is subject to consolidated supervision by a United Kingdom regulatory authority for the purposes of the Relevant Rules, such ultimate insurance holding company;

As at 5 May 2023, the Insurance Group Parent Entity is Rothesay Limited.

“insurance holding company” has the meaning given to it in the Relevant Rules;

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

“Interest Basis” has the meaning given to it in the relevant Pricing Supplement;

“Interest Commencement Date” has the meaning given to it in the relevant Pricing Supplement;

“Issue Date” means the date of issue of the Notes (or, if applicable, the first Tranche of the Notes) as specified hereon;

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

“Issuing and Paying Agent” has the meaning given in the preamble to these Conditions;

“Junior Obligations” has the meaning given to it in Condition 3;

“Level 2 Regulations” means the Commission Delegated Regulation (EU) No. 2015/35 of 10 October 2014 supplementing Directive 2009/138/EC of the European Parliament and of the Council of the European Union on the taking-up and pursuit of the business of insurance and reinsurance (Solvency II) (as amended by Commission Delegated Regulation (EU) 2019/981 of 8 March 2019);

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

“Mandatory 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;

“Maturity Date” has the meaning given to it in the relevant Pricing Supplement (such date being specified as being no earlier than the tenth anniversary of the Specified Date);

“Maximum Rate of Interest” has the meaning given to it in the relevant Pricing Supplement;

“Member State” means a member of the EEA;

“Minimum Capital Requirement” means the Minimum Capital Requirement of the Issuer, the minimum consolidated group Solvency Capital Requirement or other minimum capital requirements relating to the Issuer or the Insurance Group (as applicable) referred to in the Relevant Rules;

“**Minimum Rate of Interest**” has the meaning given to it in the relevant Pricing Supplement;

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

“**Optional Interest Payment Date**” means any Interest Payment Date that is neither a Compulsory Interest Payment Date nor a Mandatory Interest Deferral Date;

“**Optional Redemption Amount**” has the meaning given to it in the relevant Pricing Supplement (such Optional Redemption Amount being an amount per Note at least equal to the principal amount of the relevant Note);

“**Optional Redemption Date**” has the meaning given to it in the relevant Pricing Supplement (such Optional Redemption Date being at least five years after the Specified Date);

“**Pari Passu Creditors**” means creditors of the Issuer whose claims rank, or are expressed by their terms to rank, *pari passu* with the claims of the Noteholders, including (without limitation) holders of *Pari Passu* Obligations;

“**Pari Passu Obligations**” has the meaning given to it in Condition 3;

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

“**Policyholder Claims**” means claims of policyholders or beneficiaries under contracts of insurance or reinsurance in a winding-up, liquidation or administration of a Group Insurance Undertaking to the extent that those claims relate to any debt to which the Group Insurance Undertaking is, or may become, liable to a policyholder or such a beneficiary pursuant to a contract of insurance or reinsurance, including all amounts to which policyholders or such beneficiaries are entitled under applicable legislation or rules relating to the winding-up or administration of insurance companies to reflect any right to receive, or expectation of receiving, benefits which such policyholders or such beneficiaries may have;

“**Proceedings**” has the meaning given to it in Condition 19(b);

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

- (i) have terms not materially less favourable to an investor than the terms of the Notes (as reasonably determined by the Issuer in consultation with an investment bank, financial institution or independent adviser of recognised standing (which, in either case, is independent of the Issuer), and provided that a certification to such effect (including as to such consultation and in respect of the matters specified in (1) to (7) of paragraph (ii) below) of two Directors shall have been delivered to the Trustee (upon which the Trustee shall be entitled to rely without further enquiry and without liability to any person) prior to the issue or, as appropriate, variation of the relevant securities);
- (ii) (subject to paragraph (i) above) (1) contain terms which comply with the then current requirements of the UK Regulator in relation to Tier 2 Capital, (2) bear the same Interest Rate from time to time, and preserve the Interest Payment Dates; (3) rank senior to, or *pari passu* with, the ranking of the Notes; (4) provide for the same Maturity Date (if applicable) and preserve the obligations (including the obligations arising from the exercise of any right) of the Issuer as to redemption of the Notes, including (without limitation) as to timing of, and amounts payable upon, such redemption, but provided that such Qualifying Tier 2 Securities may not be redeemed by the Issuer prior to the Maturity Date (if applicable) (save for redemption, substitution or variation on terms analogous with the terms of Condition 6(c), 6(d), 6(e), 6(f), 6(g) or 6(i) and subject to the same conditions as those set out in Condition 6(j)); (5) do not contain any term which provides for, requires or entitles the Issuer to effect any principal loss absorption through the write-down of the nominal amount of Qualifying Tier 2 Securities or conversion of such Qualifying Tier 2 Securities into equity; (6) preserve any existing rights under these Conditions to any

accrued interest, any Arrears of Interest and any other amounts which have not been paid; and (7) contain terms providing for deferral of payments of interest and/or principal only if such terms are not materially less favourable to an investor than the deferral provisions contained in the terms of the Notes; and

- (iii) are listed on the Official List of Euronext Dublin and admitted to trading on the Global Exchange Market or are listed and/or admitted to trading on such other regularly operating, internationally recognised stock exchange in the United Kingdom or the EEA as selected by the Issuer and approved by the Trustee, provided that such stock exchange is a Recognised Stock Exchange,

and provided that a certification to the effect of paragraphs (i) and (ii) above (including as to consultation with an independent investment bank or financial adviser of international standing), signed by two Directors, shall have been delivered to the Trustee (upon which the Trustee shall be entitled to rely without further enquiry and without liability to any person) prior to the issue or, as appropriate, variation of the relevant securities;

“Rating Agency” means Fitch Ratings Ltd or any affiliate of or successor thereto;

“Rating Agency Compliant Securities” means securities which are (i) Qualifying Tier 2 Securities and (ii) assigned substantially the same “equity credit” (or such other nomenclature as may be used by the 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) or, at the absolute discretion of the Issuer, a lower “equity credit” (provided such “equity credit” is still higher than the “equity credit” assigned to the Notes immediately after the occurrence of the Ratings Methodology Event) as that which was (A) first assigned by the Rating Agency (or its predecessor) to the Notes on or around the Issue Date or (B) (if later) as at (or in connection with an issue of Further Notes on) the Specified Date, and provided that a certification to such effect signed by two Directors shall have been delivered to the Trustee prior to the issue or, as appropriate, variation 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 if at any time there occurs a change in (or clarification to) the methodology of the Rating Agency (or in the interpretation of such methodology) after the Specified Date as a result of which the “equity credit” (or such other nomenclature as may be used by the 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 the Rating Agency to the Notes is, as notified by the Rating Agency to the Issuer or as published by the Rating Agency, reduced when compared to (A) the “equity credit” first assigned by the Rating Agency or its predecessor to the Notes on or around the Issue Date or (B) (if this is lower) the lowest “equity credit” assigned by the Rating Agency to the Notes at the time of, or in connection with, any issue of Further Notes pursuant to Condition 15;

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

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

“Register” has the meaning given in Condition 1;

“Registered Notes” has the meaning given to it in Condition 1;

“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 UK Regulator pursuant to the Relevant Rules, as any such requirement or rule is in force from time to time;

“Regulatory Deficiency Interest Deferral Event” means any event (including, without limitation, where an Insolvent Insurer Winding-up has occurred and is continuing or any event which causes any Solvency Capital Requirement or Minimum Capital Requirement (including any minimum group Solvency Capital Requirement) applicable to the Issuer or all or part of the Insurance Group (which part includes the Issuer and at least one other member of the Insurance Group) or any insurance undertaking or reinsurance undertaking within the Insurance Group to be breached and 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 means that the Issuer must defer payment of interest (or, if applicable, Arrears of Interest) in respect of the Notes (in order that the Notes qualify, and/or on the basis that the Notes are intended to qualify, as Tier 2 Capital of the Issuer and/or the Insurance Group under the Relevant Rules);

“Regulatory Deficiency Redemption Deferral Event” means any event (including, without limitation, where an Insolvent Insurer Winding-up has occurred and is continuing or any event which causes any Solvency Capital Requirement or Minimum Capital Requirement (including any minimum group Solvency Capital Requirement) applicable to the Issuer or all or part of the Insurance Group (which part includes the Issuer and at least one other member of the Insurance Group) or any insurance undertaking or reinsurance undertaking within the Insurance Group to be breached and 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 means that the Issuer must defer or suspend repayment or redemption of the Notes (in order that the Notes qualify, and/or on the basis that the Notes are intended to qualify, as Tier 2 Capital of the Issuer and/or the Insurance Group under the Relevant Rules);

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

“Relevant Date” has the meaning given in Condition 8;

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

“Relevant Rules” means, at any time, any legislation, rules, regulations or published requirements or expectations of the UK Regulator (whether such rules, regulations, requirements or expectations have the force of law or otherwise) then applying to the Issuer, the Insurance Group Parent Entity or the Insurance Group relating to own funds, capital resources, capital requirements, financial adequacy requirements or other prudential matters (including, but not limited to, the characteristics, features or criteria of any of the foregoing) and without limitation to the foregoing, includes (to the extent then applying as aforesaid) Solvency II and any legislation, rules, regulations or published requirements or expectations of the UK Regulator relating to such matters; and references in these Conditions to any matter, action or condition being required or permitted by, or in accordance with, the Relevant Rules shall be construed in the context of the Relevant Rules as they apply to Tier 2 Capital and on the basis that the Notes are intended to continue to have the characteristics of Tier 2 Capital of the Issuer and the Insurance Group under the Relevant Rules notwithstanding the occurrence of a Capital Disqualification Event;

“Senior Creditors” means:

- (i) creditors of the Issuer who are unsubordinated creditors of the Issuer, including all policyholders of the Issuer (for the avoidance of doubt, the claims of policyholders shall include all amounts to which policyholders are entitled under applicable legislation or rules relating to the winding-up of insurance companies to reflect any right to receive or expectation of receiving benefits which policyholders may have), if any; and

- (ii) other creditors of the Issuer (including, without limitation, creditors whose claims constitute upon issue or would, but for any applicable limitation on the amount of such capital, constitute, Tier 3 Capital) whose claims are, or are expressed by their terms to be, subordinated to the claims of other creditors of the Issuer, other than those whose claims are in respect of instruments or obligations which constitute, or would but for any applicable limitation on the amount of any such capital constitute, (a) Tier 1 Capital or (b) Tier 2 Capital (including, without limitation, by virtue of the operation of any grandfathering provisions under any Relevant Rules), or whose claims otherwise rank, or are expressed by their terms to rank, *pari passu* with, or junior to, the claims of the Noteholders;

As at 5 May 2023, Tier 3 Capital includes, for so long as any of the same remain outstanding, the Issuer's £500,000,000 3.375 per cent. Subordinated Notes due 2026 (ISIN: XS2027400063).

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

“**Solvency II**” means the United Kingdom transposition of the Solvency II Directive and the Level 2 Regulations, as they each form part of United Kingdom law (including, where relevant, as retained EU law pursuant to the EUWA), as amended from time to time and any additional measures adopted to give effect thereto (whether implemented by way of regulation, guidelines or otherwise);

“**Solvency II Directive**” means Directive 2009/138/EC of the European Parliament and of the Council of the European Union of 25 November 2009 on the taking-up and pursuit of the business of insurance and reinsurance (Solvency II) (as amended);

“**Solvency Capital Requirement**” means the solvency capital requirement of the Issuer or the group solvency capital requirement of the Insurance Group referred to in the Relevant Rules (howsoever described or defined in the Relevant Rules) or any other solvency capital requirement, group solvency capital requirement or any other equivalent capital requirement relating to the Issuer or the Insurance Group (other than the Minimum Capital Requirement) howsoever described or defined in the Relevant Rules;

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

“**Special Redemption Price**” has the meaning given to it in the relevant Pricing Supplement;

“**Specified Date**” means the later of (i) the Issue Date and (ii) the latest date (if any) on which any further Tranche of the Notes have been issued pursuant to Condition 15 and which are consolidated to form a single series with the Notes;

“**Specified Denomination**” has the meaning given to it in the relevant Pricing Supplement;

“**Subsidiary**” has the meaning given to it under Section 1159 of the Companies Act 2006 (as amended from time to time);

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

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

- (i) in making any payments on the Notes or the Coupons, the Issuer has paid or will, or would on the next payment date be required to pay, Additional Amounts on the Notes or Coupons; or
- (ii) the Issuer is no longer entitled to claim a deduction in respect of any payments (or its corresponding funding costs as recognised in its financial statements) in respect of the Notes or Coupons in computing its taxation liabilities in the Relevant Jurisdiction, or the amount, or value to the Issuer, of such deduction is materially reduced; or

- (iii) the Notes or the Coupons are prevented from being treated as loan relationships for tax purposes in the Relevant Jurisdiction; or
- (iv) the Issuer is not able to have losses or deductions set against the profits or gains, or profits or gains offset by the losses or deductions, of companies with which it is or would otherwise be so grouped for tax purposes in the Relevant Jurisdiction (whether under the group relief system current as at the Specified Date or any similar system or systems having like effect as may from time to time exist); or
- (v) the Notes or the Coupons or any part thereof are treated as a derivative or an embedded derivative for tax purposes in the Relevant Jurisdiction; or
- (vi) the Issuer suffers or would suffer any other material adverse tax consequence in connection with the Notes or the Coupons in the Relevant Jurisdiction,

and, in each such case, the Issuer cannot avoid the foregoing in connection with the Notes or Coupons by taking measures reasonably available to it;

“**Tax Law Change**” means a change in or proposed change in, or amendment or proposed amendment to, the laws or regulations of a Relevant Jurisdiction, including any treaty to which the Relevant Jurisdiction is a party, or any change in the application or official interpretation of such laws, including a decision of any court or tribunal, or any interpretation or pronouncement by any relevant tax authority that provides for a position with respect to such laws or regulations that differs from the previously generally accepted position in relation to similar transactions or which differs from any specific written statements made by a tax authority regarding the anticipated tax treatment of the Notes or the Coupons, which change or amendment becomes, or would become, effective, or in the case of a change or proposed change in law if such change is enacted (or, in the case of a proposed change, is expected to be enacted), on or after the Specified Date;

“**Tier 1 Capital**” has the meaning given to it for the purposes of the Relevant Rules from time to time (including, without limitation, by virtue of the operation of any grandfathering provisions under any Relevant Rules);

“**Tier 2 Capital**” has the meaning given to it for the purposes of the Relevant Rules from time to time (including, without limitation, by virtue of the operation of any grandfathering provisions under any Relevant Rules);

“**Tier 3 Capital**” has the meaning given to it for the purposes of the Relevant Rules from time to time (including, without limitation, by virtue of the operation of any grandfathering provisions under any Relevant Rules);

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

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

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

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

“**UK Regulator**” means the Bank of England acting as the United Kingdom Prudential Regulation Authority through its Prudential Regulation Committee or such successor or other authority having primary supervisory authority with respect to prudential matters in relation to the Issuer and/or the Insurance Group; and

“**United Kingdom**” or “**UK**” means the United Kingdom of Great Britain and Northern Ireland.

19 Governing Law and Jurisdiction

(a) *Governing law*

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

(b) *Jurisdiction*

The courts of England are to have jurisdiction to settle any disputes that may arise out of or in connection with the Trust Deed or the Notes and accordingly any legal action or proceedings arising out of or in connection with the Trust Deed or any Notes (“**Proceedings**”) may be brought in such courts. The Issuer has in the Trust Deed irrevocably submitted to the jurisdiction of the courts of England in respect of any such Proceedings (but this is without prejudice to the rights of the Trustee or the Noteholders or Couponholders to commence Proceedings in any jurisdiction and/or concurrent Proceedings in one or more jurisdictions to the extent permitted by law).

OVERVIEW OF PROVISIONS RELATING TO THE NOTES WHILE IN GLOBAL FORM

Initial Issue of Notes

Global Notes and Global Certificates may be delivered on or prior to the original issue date of the Tranche to a common depositary for Euroclear and Clearstream, Luxembourg (a “**Common Depositary**”).

Upon the initial deposit of a Global Note or Global Certificate with a Common Depositary and, in the case of Registered Notes, the registration of the Registered Notes represented by such Global Certificate in the name of a nominee for the Common Depositary, Euroclear and/or Clearstream, Luxembourg (as applicable) will credit each subscriber with a nominal amount of Notes equal to the nominal amount thereof for which it has subscribed and paid.

Notes that are initially deposited with the Common Depositary may also be credited to the accounts of subscribers with (if indicated in the relevant Pricing Supplement) other clearing systems through direct or indirect accounts with Euroclear and Clearstream, Luxembourg held by such other clearing systems. Conversely, Notes that are initially deposited with any other clearing system may similarly be credited to the accounts of subscribers with Euroclear, Clearstream, Luxembourg or other clearing systems.

Relationship of accountholders with Clearing Systems

Each of the persons shown in the records of Euroclear, Clearstream, Luxembourg or any other clearing system as the holder of a Note represented by a Global Note or a Global Certificate must look solely to Euroclear, Clearstream, Luxembourg or such clearing system (as the case may be) for their share of each payment made by the Issuer to the bearer of such Global Note or to the registered holder of the Registered Notes represented by such Global Certificate, as the case may be, and in relation to all other rights arising under the Global Notes or Global Certificates subject to and in accordance with the respective rules and procedures of Euroclear, Clearstream, Luxembourg, or such clearing system (as the case may be).

Such persons shall have no claim directly against the Issuer in respect of payments due on the Notes for so long as the Notes are represented by such Global Note or Global Certificate and such obligations of the Issuer will be discharged by payment to the bearer of such Global Note or the registered holder of the Registered Notes represented by such Global Certificate, as the case may be, in respect of each amount so paid.

Exchange

Temporary Global Notes

Each temporary Global Note will be exchangeable, free of charge to the holder, on or after its Exchange Date:

- (a) if the relevant Pricing Supplement indicates that such Global Note is issued in compliance with the C Rules or in a transaction to which TEFRA is not applicable (as to which, see “*Subscription and Sale*”), in whole, but not in part, for the Definitive Notes defined and described below; and
- (b) otherwise, in whole or in part upon certification as to non-U.S. beneficial ownership in the form set out in the Agency Agreement for interests in a permanent Global Note or, if so provided in the relevant Pricing Supplement, for Definitive Notes.

If the temporary Global Note is exchangeable for Definitive Notes at the option of the holder and the relevant clearing system(s) so permit, the Notes shall be tradeable only in amounts of at least the Specified Denomination

specified in the Pricing Supplement (such as €100,000 (or its equivalent in another currency)) plus one or more higher integral multiples of another smaller amount (such as €1,000 (or its equivalent in another currency)).

Permanent Global Notes

Each permanent Global Note will be exchangeable, free of charge to the holder, on or after its Exchange Date in whole but not in part for Definitive Notes if the permanent Global Note is held on behalf of Euroclear or Clearstream, Luxembourg or any other clearing system and each such clearing system is closed for business for a continuous period of 14 days (other than by reason of holidays, statutory or otherwise) or announces an intention permanently to cease business or in fact does so.

In the event that a Global Note is exchanged for Definitive Notes, such Definitive Notes shall be issued in Specified Denomination(s) only. Noteholders who hold Notes in the relevant clearing system in amounts that are not integral multiples of a Specified Denomination may need to purchase or sell, on or before the relevant Exchange Date, a principal amount of Notes such that their holding is an integral multiple of a Specified Denomination.

A legend to the following effect will appear on all Bearer Notes (other than temporary Global Notes), Coupons and Talons relating to such Notes where TEFRA D is specified as applicable in the relevant Pricing Supplement:

“ANY UNITED STATES PERSON WHO HOLDS THIS OBLIGATION WILL BE SUBJECT TO LIMITATIONS UNDER THE UNITED STATES INCOME TAX LAWS, INCLUDING THE LIMITATIONS PROVIDED IN SECTIONS 165(j) AND 1287(a) OF THE INTERNAL REVENUE CODE.”

Global Certificates

If the Pricing Supplement state that the Notes are to be represented by a Global Certificate on issue, the following will apply in respect of transfers of Notes held in Euroclear or Clearstream, Luxembourg or an Alternative Clearing System. These provisions will not prevent the trading of interests in the Notes within a clearing system whilst they are held on behalf of such clearing system, but will limit the circumstances in which the Notes may be withdrawn from the relevant clearing system.

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

- (a) if the relevant clearing system is closed for business for a continuous period of 14 days (other than by reason of holidays, statutory or otherwise) or announces an intention permanently to cease business or does in fact do so; or
- (b) with the consent of the Issuer,

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

Delivery of Notes

On or after any due date for exchange the holder of a Global Note or Global Certificate may surrender such Global Note or Global Certificate or, in the case of a partial exchange, present it for endorsement to or to the order of the Issuing and Paying Agent. In exchange for any Global Note or Global Certificate, or the part thereof to be exchanged, the Issuer will (i) in the case of a temporary Global Note exchangeable for a permanent Global Note, deliver, or procure the delivery of, a permanent Global Note in an aggregate nominal amount equal to that of the whole or that part of a temporary Global Note that is being exchanged or, in the case of a subsequent exchange, endorse, or procure the endorsement of, a permanent Global Note to reflect such exchange or (ii) in the case of a Global Note or Global Certificate exchangeable for Definitive Notes or definitive Certificates,

deliver, or procure the delivery of, an equal aggregate nominal amount of duly executed and authenticated Definitive Notes and/or definitive Certificates, as the case may be. In this Information Memorandum, “**Definitive Notes**” means, in relation to any Global Note, the definitive Bearer Notes for which such Global Note may be exchanged (if appropriate, having attached to them all Coupons in respect of interest that has not already been paid on the Global Note and a Talon). Definitive Notes will be security printed and definitive Certificates will be printed in accordance with any applicable legal and stock exchange requirements in or substantially in the form set out in the Schedules to the Trust Deed. On exchange in full of each Global Note or Global Certificate, the Issuer will procure that it is cancelled.

Exchange Date

“**Exchange Date**” means, in relation to a temporary Global Note, the day falling after the expiry of 40 days after its issue date and, in relation to a permanent Global Note or a Global Certificate, a day falling not less than 60 days after that on which the notice requiring exchange is given and on which banks are open for business in the city in which the specified office of the Issuing and Paying Agent is located and in the city in which the relevant clearing system is located.

Amendment to Conditions

The temporary Global Notes, permanent Global Notes and Global Certificates contain provisions that apply to the Notes that they represent, some of which modify the effect of the Terms and Conditions of the Notes set out in this Information Memorandum. The following is a summary of certain of those provisions:

Payments

No payment falling due after the Exchange Date will be made on any Global Note or Global Certificate unless exchange for an interest in a permanent Global Note or for Definitive Notes or definitive Certificates (as applicable) is improperly withheld or refused. Payments on any temporary Global Note will only be made against presentation of certification as to non-U.S. beneficial ownership in the form set out in the Agency Agreement.

All payments in respect of Notes represented by a Global Note or (if no further payment falls to be made in respect of the Notes) Global Certificate will be made against presentation for endorsement and, if no further payment falls to be made in respect of the Notes, surrender of that Global Note or Global Certificate to or to the order of the Issuing and Paying Agent or such other Paying Agent as shall have been notified to the Noteholders for such purpose. A record of each payment so made will be endorsed on each Global Note or, in the case of a Global Certificate, in the Register of Noteholders, which endorsement will be *prima facie* evidence that such payment has been made in respect of the Notes. Conditions 7(f)(v) and 7(g) of the Terms and Conditions of the Notes will apply to the Definitive Notes only.

For the purpose of any payments made in respect of a Global Note or Global Certificate, the relevant place of presentation shall be disregarded in the definition of “**Business Day**” set out in Condition 7(h) of the Terms and Conditions of the Notes.

All payments in respect of Notes represented by a Global Certificate will be made to, or to the order of, the person whose name is entered on the Register as holder of the Notes represented by such Global Certificate 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.

All payments of interest in respect of a series of Notes represented by a Global Note or Global Certificate shall be calculated in respect of the total aggregate amount of the Notes represented by the relevant Global Note or Global Certificate, and not per Calculation Amount (but shall otherwise be determined as provided in the Terms and Conditions of the relevant Notes and the applicable Pricing Supplement).

Prescription

Claims against the Issuer in respect of Notes that are represented by a permanent Global Note will become void unless it is presented for payment within a period of 10 years (in the case of principal) and five years (in the case of interest, including Arrears of Interest) from the appropriate Relevant Date (as defined in Condition 8 of the relevant Notes).

Claims against the Issuer in respect of Notes that are represented by a Global Certificate will become void unless made within a period of 10 years (in the case of principal) and five years (in the case of interest, including Arrears of Interest), from the appropriate Relevant Date (as defined in Condition 8 of the relevant Notes).

Meetings

The bearer of a permanent Global Note or the registered holder of the Notes represented by a Global Certificate shall be treated as having one vote in respect of each integral currency unit of the Specified Currency of the Notes.

Cancellation

Cancellation of any Note represented by a permanent Global Note or Global Certificate that is required by the Conditions to be cancelled (other than upon its redemption) will be effected (in the case of a Global Note) by reduction in the nominal amount of the relevant permanent Global Note or (in the case of Notes represented by a Global Certificate), marking down of the nominal amount of Notes in the Register.

Purchase

Notes represented by a Global Note or Global Certificate may only be purchased by the Issuer or any of its subsidiaries if they are purchased together with the rights to receive all future payments of interest (if any) thereon.

Transfers

Beneficial interests in Notes represented by a Global Note or Global Certificate will be transferable only in accordance with the rules and procedures of Euroclear and Clearstream, Luxembourg (as the case may be).

Issuer's Option

Any option of the Issuer provided for in the Terms and Conditions of any Notes while such Notes are represented by a Global Note or Global Certificate shall be exercised by the Issuer giving notice to the Noteholders within the time limits set out in and containing the information required by the Terms and Conditions of the relevant Notes, except that the notice shall not be required to contain the serial numbers of Notes drawn in the case of a partial exercise of an option and, accordingly, no drawing of Notes shall be required.

In the event that any option of the Issuer is exercised in respect of some but not all of the Notes of any Series, the rights of accountholders in Euroclear or Clearstream, Luxembourg in respect of the Notes will be governed by the standard procedures of Euroclear or Clearstream, Luxembourg (to be reflected in the records of Euroclear and Clearstream, Luxembourg as either a pool factor or a reduction in nominal amount, at their discretion).

Trustee's Powers

In considering the interests of Noteholders while any Global Note or Global Certificate is held on behalf of, and (in the case of Registered Notes) the Registered Notes are registered in the name of any nominee for, a Common Depositary for any clearing system(s), the Trustee may have regard to any information provided to it by each such clearing system or its operator as to the identity (either individually or by category) of its accountholders with entitlements to such Global Note or Registered Notes and may consider such interests as if such accountholders were the holders of the Notes represented by such Global Note or Global Certificate, and the Trustee may (but shall not be required to) have regard to any other letter of confirmation, form of record,

information and/or certification as the Trustee shall, in its absolute discretion, think fit as evidence that at any particular time or throughout any particular period any particular person should be regarded as having an interest in a particular nominal amount of Notes and if the Trustee does so rely on such evidence, such letter of confirmation, form of record, information and/or certification shall be conclusive and binding on all concerned.

Notices

So long as any Notes are represented by a Global Note or Global Certificate and such Global Note or Global Certificate is held by (and, in the case of a Global Certificate, the Notes represented thereby are registered in the name of a nominee for) a common depository on behalf of one or more clearing systems, notices to the holders of Notes of that Series may be given by delivery of the relevant notice to that (or each such) relevant clearing system for communication by it (or them) to entitled accountholders, in substitution for publication as required by the Conditions. Any such notice shall also be given in accordance with the requirements of any stock exchange on which the relevant Notes are, for the time being, listed and/or admitted to trading.

Any such notice shall be deemed to have been given on the date on which it is delivered to the relevant clearing system(s) for onwards transmission to the relevant accountholders.

Euroclear and Clearstream, Luxembourg

References in any Global Note or Global Certificate and this overview to Euroclear and/or Clearstream, Luxembourg shall be deemed to include references to any other clearing system approved for the purposes of the Notes by the Trustee and, in the case of Registered Notes, the Registrar, and references to the Common Depository shall be deemed to include references to any depository for any such other clearing system.

Electronic Consent and Written Resolution

While any Global Note is held on behalf of, or any Global Certificate is registered in the name of any nominee for, a clearing system, then:

- (a) approval of a resolution proposed by the Issuer or the Trustee (as the case may be) given by way of electronic consents communicated through the electronic communications systems of the relevant clearing system(s) in accordance with their operating rules and procedures by or on behalf of the holders of not less than 75 per cent. in nominal amount of the Notes outstanding (as defined in the Trust Deed) who would have been entitled to vote upon such resolution if it had been proposed at a meeting at which they were present (an “**Electronic Consent**”) shall, for all purposes (including matters that would otherwise require an Extraordinary Resolution to be passed at a meeting for which the special quorum was satisfied), take effect as an Extraordinary Resolution passed at a meeting of Noteholders duly convened and held, and shall be binding on all Noteholders and holders of Coupons, even if the relevant consent or instruction proves to be defective. Neither the Issuer nor the Trustee shall be liable or responsible to anyone for such reliance; and
- (b) where Electronic Consent is not being sought, for the purpose of determining whether a Written Resolution (as defined in the Trust Deed) has been validly passed, the Issuer and the Trustee shall be entitled to rely on consent or instructions given in writing directly to the Issuer and/or the Trustee, as the case may be, (a) by accountholders in the clearing system with entitlements to such Global Note or Global Certificate and/or, (b) where the accountholders hold any such entitlement on behalf of another person, on written consent from or written instruction by the person identified by that accountholder as the person for whom such entitlement is held. For the purpose of establishing the entitlement to give any such consent or instruction, the Issuer and the Trustee shall be entitled to rely on any certificate or other document issued by, in the case of (a) above, Euroclear, Clearstream, Luxembourg or any other relevant alternative clearing system (the “**relevant clearing system**”) and, in the case of (b) above, the relevant clearing system and the accountholder identified by the relevant clearing system for the purposes of (b)

above. Any resolution passed in such manner shall be binding on all Noteholders and Couponholders, even if the relevant consent or instruction proves to be defective. Any such certificate or other document may comprise any form of statement or print out of electronic records provided by the relevant clearing system (including Euroclear's EasyWay or Clearstream, Luxembourg's Xact Web Portal system) in accordance with its usual procedures and in which the accountholder of a particular principal or nominal amount of the Notes is clearly identified together with the amount of such holding. Neither the Issuer nor the Trustee shall be liable to any person by reason of having accepted as valid or not having rejected any certificate or other document to such effect purporting to be issued by any such person and subsequently found to be forged or not authentic.

USE OF PROCEEDS

Unless otherwise disclosed in connection with a particular issue of Notes in a Pricing Supplement, the net proceeds of the issue of the Notes are expected to be used to fund general commercial and corporate activities of the Group.

DESCRIPTION OF THE ISSUER AND THE GROUP

1 Description of the Issuer and the Group

1.1 Overview of the Group

The Group was established in 2007 as a wholly-owned subsidiary of The Goldman Sachs Group, Inc. (“**Goldman Sachs**”) and originally operated as an insurance company specialising in the provision of annuities. It has since become a leading provider of regulated insurance solutions in the UK pensions risk transfer market. The Group’s principal activity is providing wholesale insurance annuity products to UK defined benefit pension schemes and their members, which involves the Group conducting “buy-in” and “buy-out” transactions (as set out in section 3.1 (*Key services and products*)) with the trustees of defined benefit pension plans. The Group also acquires bulk and individual annuities through the reinsurance of the portfolios of other insurance companies and/or acquisition of in-force annuity portfolios from other insurance companies, as well as through strategic acquisitions of other insurance companies specialising in annuities. A detailed explanation of the Group’s business is provided in “*Business of the Group – Key services and products*”.

The Group’s strategy is to increase assets under management through the acquisition of additional annuity liabilities by writing bulk annuity contracts, reinsurance, and the strategic acquisition of other insurance companies expanding its annuities, primarily in the UK.

The Group now has two institutional shareholders: Cambourne Life Investment Pte Ltd (“**GIC**”) and MM Rothesay Holdco US L.L.C. (MassMutual) (“**MassMutual**”), which are supportive of the Group’s growth plans and have access to substantial capital resources to back those plans.

The ultimate holding company of the Group is Rothesay Limited. Rothesay Limited was incorporated in England and Wales on 29 August 2013 as Rothesay Holdco UK Limited with registered number 08668809. On 8 October 2020 Rothesay Holdco UK Limited’s name was changed to Rothesay Limited. The principal operating company in the Group is the Issuer. The Issuer was incorporated on 26 February 2007 with registered number 06127279. The Issuer was incorporated and registered as a private limited company in England and Wales under the Companies Act 1985 and re-registered as a public company under the Companies Act 2006 on 24 March 2016. The Issuer is authorised by the PRA and regulated by the PRA and the FCA.

The principal legislation under which the Group and its subsidiaries operate is the Companies Act 2006 and FSMA, and the regulations made thereunder.

The registered office of the Group and its UK based subsidiaries and the business address of each of their directors for matters concerning the Group and/or its subsidiaries’ business is The Post Building, 100 Museum Street, London WC1A 1PB, United Kingdom. The telephone number of the registered office is +44 (0) 20 7770 5300.

1.2 History and ownership of the Group

When the Group was established in 2007 it was a wholly-owned subsidiary of Goldman Sachs. In December 2017, Goldman Sachs divested all of its remaining shares to subsidiaries of Blackstone, GIC and MassMutual. In November 2020, Blackstone sold its entire shareholding to GIC and MassMutual, who are the ultimate shareholders of the Group and its subsidiaries and hold their interest through shares in Rothesay Limited.

As at 31 December 2022, these shareholders held the following percentage interests in the Group (such percentages representative of each shareholder’s nominal holding of shares in Rothesay Limited):

- Cambourne Life Investment Pte Ltd, a fund managed by GIC, holds a 49 per cent. interest in Rothesay Limited (the “**GIC Shareholder**”); and
- MM Rothesay Holdco US LLC, a fund managed by MassMutual, holds a 49 per cent. interest in Rothesay Limited (the “**MassMutual Shareholder**”),

(together, the “**Shareholders**”).

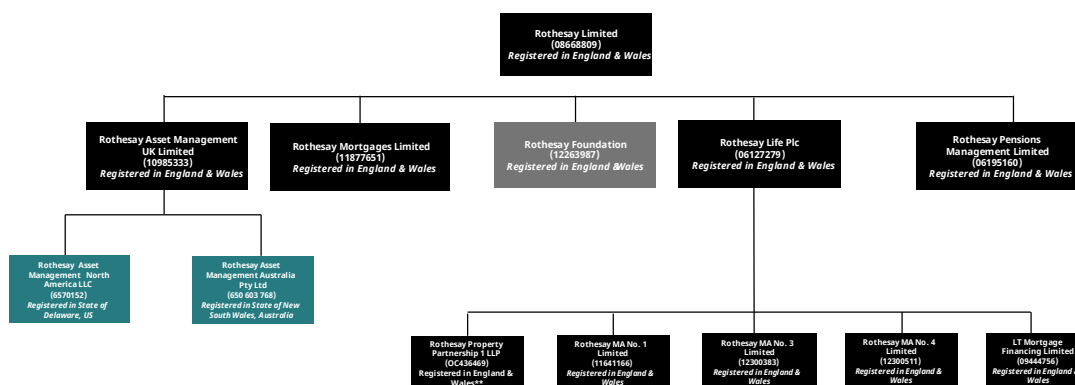
The remaining shares are held by the management of the Group and the Employee Benefit Trust.

The Group is subject to certain shareholder reserved matters which, in broad terms, require the consent of each of the two Shareholders that own ordinary voting shares in the capital of Rothesay Limited (“**Shareholder Reserved Matters**”). The Shareholder Reserved Matters include items which are outside the scope of the ordinary course or day-to-day operations of the Group, such as any changes to the constitution or the capital structure of the Group, the approval of significant transactions, as well as amendments to the Group’s risk, investment and capital policies. Consent of the relevant Shareholders is also required for material decisions relating to expenditure, business operational and regulatory matters, as well as certain changes to the Group’s directors and the overall governance of the Group.

Each entity within the Group is managed by a board of directors, with the board of Rothesay Limited having overall responsibility for the Group and its subsidiaries. The board of the Issuer shares common directors with the board of Rothesay Limited. The articles of association of the Issuer require that (unless not entitled to vote pursuant to such articles) a director appointed by each shareholder holding at least 25 per cent. of the “A” ordinary voting shares of Rothesay Limited is required to be present in order for a meeting of the board of directors of the Issuer to be quorate. As at the date hereof a shareholder director appointed by each of the Shareholders will therefore need to be present at any meeting of the board of directors of the Issuer as part of the quorum requirement. See “– *Board of Directors*” for further information regarding the board and governance structure.

1.3 Organisational structure of the Group and its subsidiaries

The organisational structure of the Group and the other operating subsidiaries within the Group’s corporate structure as at 31 December 2022 is outlined below:



Rothesay Limited is the holding company of the Issuer, Rothesay Asset Management UK Limited (“**RAM**”) and Rothesay Pensions Management Limited (“**RPML**”). The nature of Rothesay Limited’s business is to act as the ultimate holding company for all entities within the Group and their subsidiaries.

RPML provides the management and operational services required by the Group and manages the provision of certain related services to the Group through outsourcing arrangements. RPML was

incorporated as a private limited company in England and Wales on 30 March 2007, with registered number 06195160. The services provided by RPML are conducted exclusively for the Group and include policy administration, information technology, finance and facility management services. All UK-based employees and consultants of the Group are employed by RPML. Any costs associated with RPML are recharged back to the operating companies in the Group.

As at 31 December 2022, the Group and its subsidiaries had 396 employees, excluding the Non-Executive Directors

1.4 Summary of Group entities

Name of entity	Shareholders ^{1 2}	Country of incorporation ³	Nature of business
Rothesay Limited ⁴	Cambourne Life Investment Pte Ltd (GIC Special Investments Pte Ltd): 49% MM Rothesay Holdco US LLC (Massachusetts Mutual Life Insurance Company): 49%	England and Wales	Holding company
Rothesay Life Plc (the Issuer)	Rothesay Limited: 100%	England and Wales	Operating company
Rothesay Pensions Management Limited	Rothesay Limited: 100%	England and Wales	Service company
Rothesay Foundation	Rothesay Limited: 100%	England and Wales	Charitable foundation
Rothesay Mortgages Limited	Rothesay Limited: 100%	England and Wales	Service company
Rothesay Asset Management UK Limited	Rothesay Limited: 100%	England and Wales	Service company
Rothesay Asset Management Australia Pty Ltd	Rothesay Asset Management UK Limited: 100%	New South Wales, Australia	Service company
Rothesay Asset Management North America, LLC	Rothesay Asset Management UK Limited: 100%	Delaware, United States of America	Service company

¹ Each subsidiary has only one class of ordinary shares. Rothesay Limited has ordinary shares and certain other classes of non-voting shares in issue.

² Each shareholder's nominal holding of shares in Rothesay Limited is stated as at 31 December 2022.

³ Each subsidiary operates mainly in its country of incorporation.

⁴ The remaining shares are held by the management of the Group and the Employee Benefit Trust.

Name of entity	Shareholders ^{1 2}	Country of incorporation ³	Nature of business
LT Mortgage Financing Limited	Rothesay Life Plc: 100%	England and Wales	Service company
Rothesay MA No.1 Limited	Rothesay Life Plc: 100%	England and Wales	Service company
Rothesay MA No.3 Limited	Rothesay Life Plc: 100%	England and Wales	Service company
Rothesay MA No.4 Limited	Rothesay Life Plc: 100%	England and Wales	Service company (dormant)
Rothesay Property Partnership 1 LLP	Rothesay Life Plc: 100% ⁵	England and Wales	Service company

2 Pension Risk Transfer Market Overview

The Group operates in the pension risk transfer market. The pension risk transfer market involves (i) the sale and acquisition of wholesale insurance annuity portfolios to defined benefit pension schemes and their members, as well as (ii) the sale and acquisition of existing annuity portfolios from other insurers and reinsurers. The pension risk transfer market also includes longevity reinsurance transactions, the aim of which is to transfer the risk of defined benefit pension scheme members living longer than expected from defined benefit pension schemes to an insurer. De-risking pension schemes by means of longevity reinsurance transactions is not a primary transaction structure pursued by the Group.

3 Business of the Group

3.1 Key services and products

The Group conducts buy-in and buy-out transactions for companies and defined benefit pension schemes in the UK. In addition, the Group sources wholesale annuity business through reinsurance transactions and/or by acquiring insurance companies or their in-force annuity portfolios.

The Issuer is authorised by the PRA and regulated by the PRA and the FCA to write long-term insurance covering certain specific risks associated with their clients' pension obligations.

A summary and explanation of the Group's three product categories is as follows:

- bulk annuity pension buy-in transactions:** a defined benefit pension scheme acquires a bulk annuity policy from the Issuer under which the Issuer agrees to pay to the defined benefit pension scheme trustee certain specific benefits that may become payable to all or a portion of the defined benefit pension scheme's members and their eligible dependants for as long as they live. The responsibility and obligation for payment to the defined benefit pension scheme's members remains with the defined benefit pension scheme. As a result, the bulk annuity policy insures the pension benefit payments due to be paid by the defined benefit pension scheme to the relevant portion of such defined benefit pension scheme's members and the defined benefit pension scheme holds the bulk annuity policy as an investment. This type of transaction is often a first step towards a pension buy-out;

⁵Rothesay Life Plc's capital interest is 99.9 per cent., Rothesay Limited's capital interest is 0.1 per cent.

- **bulk annuity pension buy-out transactions:** a defined benefit pension scheme acquires a bulk annuity policy from the Issuer under which the Issuer agrees to pay all pension benefit payments due to all of the defined benefit pension scheme's existing members, and the defined benefit pension scheme is subsequently wound up entirely by the defined benefit pension scheme trustee. For an interim period prior to such winding-up, the Issuer pays to the defined benefit pension scheme trustee all of the current benefits payable to the defined benefit pension scheme's members. During this period, the responsibility for payments to the members of the pension scheme remains with the trustee of the defined benefit pension scheme while the Issuer prepares to take on the administration of such payments. After the Issuer completes such preparations, the bulk annuity policy is replaced with a collection of individual policies which are then issued to each member of the defined benefit pension scheme, with the effect that such members become policyholders of an annuity issued by the Issuer and the original defined benefit pension scheme is wound up. Many of the Group's bulk annuity arrangements begin as buy-in transactions and will likely evolve into buy-out transactions over time as trustees take the necessary steps to wind up their defined benefit pension schemes; and
- **reinsurance:** an insurance company enters into a reinsurance agreement with the Issuer under which the Issuer agrees to insure a specified number of annuity obligations that have previously been acquired by the insurance company. These obligations arise from both bulk annuity business and the sale of individual annuities. Upon entering into such agreement, the Issuer becomes responsible for the payment of a defined number of pension payments on behalf of the insurance company, in consideration for the Issuer receiving an upfront premium from the insurance company. This upfront premium is typically paid by the insurance company transferring assets to the Issuer. Reinsurance is often followed by a full legal transfer to the Group of the underlying annuities that have been insured by it, pursuant to a Part VII Transfer (at which point the Group becomes the insurer).

3.2 New business origination

All new business within the group is currently written by the Issuer. The Group originates new business with the assistance of a team comprising experienced insurance and pensions professionals who are experts in their relevant fields. The team focuses on a solutions-driven approach through the disciplined selection of new business opportunities and is a market leader in the execution of large transactions. The Group has completed many types of pensions de-risking transactions, including buy-in transactions, buy-out transactions, longevity reinsurance transactions and reinsurance-related acquisitions. This includes two successful corporate acquisitions, each of which involved greater than £2.7 billion of assets being acquired by the Group. The result of such transactions is that the total lives insured by the Group were over 825,000 at the end of the financial year 2022.

3.3 Capital management and reserves

The Group's (and the Issuer's) capital resources are of critical importance. The Group's (and the Issuer's) capital management framework is designed to meet the following objectives:

- to maintain financial strength in adverse conditions;
- to give customers long-term confidence in the Group (and the Issuer);
- to satisfy its regulatory obligations;
- to match the profile of its assets and liabilities, taking account of the risk inherent in the business;
- to allocate capital efficiently to support new business growth; and

- to retain financial flexibility by maintaining strong liquidity.

More detail can be found in the Solvency and Financial Condition Report of Rothesay Limited and the Issuer for the year ended 31 December 2022 (the “**Solvency and Financial Condition Report**”), which is incorporated by reference herein.

The Group (and the Issuer) has implemented a dynamic capital management framework which uses interest rate and other hedging to protect both the solvency position and the embedded value of the business.

The Issuer targets SCR Coverage in the range of 130 per cent. to 150 per cent. Capital in excess of 150 per cent. can be returned to shareholders as dividends or retained for future business growth.

As coverage falls towards 130 per cent. then a range of actions could be taken, such as:

- Increased use of reinsurance which would reduce the SCR and Risk Margin;
- Change in investment mix, reducing exposure to assets with material capital requirements;
- Increased solvency hedging;
- Reduction in discretionary spend;
- Reduction in new business – because the Group does not have regular new business, new business volume can easily be reduced at the management’s discretion without impacting franchise value; and
- Capital raising – a revolving credit facility can be injected as equity into the Issuer to improve solvency. It may also be possible to secure additional bank loans or to raise further equity or long-term debt.

The solvency position of RLP for the years ended 31 December 2021 and 31 December 2022 is set out below under “*Solvency and capital position*”.

The minimum capital requirement (“**MCR**”) is intended to be the minimum amount of capital an insurer is required to hold pursuant to Solvency II below which policyholders and beneficiaries would become exposed to an unacceptable level of risk if an insurer was allowed to continue its operations. The MCR is calculated according to a formula prescribed by the Solvency II regime and is subject to a floor of 25 per cent. of the SCR or €3.7 million, whichever is higher, and a cap of 45 per cent. of the SCR. The MCR formula is based on factors applied to technical provisions and capital at risk. The eligible Own Funds to cover the MCR is subject to quantitative limits as shown below:

- the eligible amounts of Tier 1 capital should be at least 80 per cent. of the MCR; and
- the eligible amounts of Tier 2 capital shall not exceed 20 per cent. of the MCR.

MCR coverage ratio (“**MCR Coverage**”) is the ratio of eligible Own Funds to cover the MCR to MCR.

The Group’s MCR at 31 December 2022 was the same as RLP’s MCR at £802 million. RLP’s eligible own funds to cover the MCR were £7,027 million, which translates to an MCR Coverage of 877 per cent.

3.4 Solvency and capital position

The Issuer is authorised by the PRA and regulated by the PRA and the FCA. Under the Solvency II regime, the Group is required to hold the greater of the capital required under the Solvency II Pillar 1 framework and the capital required under its own economic capital models, Solvency II Pillar 2. The

Group also ensures that its insurance company subsidiary, RLP, is capitalised to the greater of the economic Pillar 2 capital requirement and the regulatory Pillar 1 position.

In practice, it is the Pillar 1 requirement which is more onerous. There is a formal target at the Group and the Issuer level, both aim to maintain a coverage of at least 130 per cent. of the regulatory minimum SCR. As at 31 December 2022, RLP had an SCR Coverage of 258 per cent. and the Group had an SCR Coverage of 255 per cent.

Given the Group's robust solvency position, some of the new business written by the Issuer in 2022 has been written into the non-matching adjustment fund in order to provide flexibility in transitioning assets to its long-term investment strategy. The new business is eligible for inclusion in the matching adjustment fund, and moving the business would improve both own funds and the SCR positions, as the Matching Adjustment could then be used in calculating the technical provisions. It is estimated that after allowing for the 14 per cent. impact on coverage of moving new liability trades to the matching adjustment fund, as at 31 December 2022, on a *pro forma* basis the Issuer would have had an SCR Coverage of 272 per cent. and the Group would have had an SCR Coverage of 269 per cent., giving significant excess capital to write new business.

The solvency position of RLP for the years ended 31 December 2021 and 31 December 2022 is set out below:

£m (other than percentages)	RLP Solvency Position	
	31 Dec 2021	31 Dec 2022
Tier 1 capital (£m).....	6,925	6,867
Tier 2 capital (£m).....	948	849
Tier 3 capital (£m).....	488	435
Own Funds available to meet SCR (£m).....	8,361	8,151
SCR (£m)	3,657	3,162
Surplus above SCR (£m)	4,704	4,989
SCR coverage (%).....	229	258
Adjusted SCR coverage (%)⁶	n/a	272
MCR (£m).....	1,115	802
Own Funds available to meet MCR (£m)	7,148	7,027
MCR coverage (%)	641	877

3.5 Key sensitivities to RLP's solvency position

The risks to RLP's solvency position are described in "Risk Factors". The key sensitivities in relation to RLP's solvency position are described in the Solvency and Financial Condition Report, which is incorporated by reference into this Information Memorandum.

⁶ On a *pro forma* basis, after allowing for the 14 per cent. impact on coverage of moving new liability trades to the matching adjustment fund, as set out above.

3.6 Market Consistent Embedded Value

The Group uses Market Consistent Embedded Value (“MCEV”) as a metric of financial performance. The Group’s MCEV was £6,431 million as at 31 December 2022 and £7,096 million as at 31 December 2021.

3.7 Asset portfolio

An overview of the Group’s asset portfolio as at 31 December 2021 and 31 December 2022 is set out below:

(%)	Group’s Asset Portfolio	
	31 Dec 2021	31 Dec 2022
UK sovereign	21	15
Supranational, quasi sovereign and other sovereigns.....	9	11
Cash	9	9
Corporate bonds	21	25
Infrastructure.....	7	8
Secured residential lending	15	12
Mortgages	10	12
Other secured lending	6	7
Other	2	1

4 Dividend Policy

The Group does not have a formal dividend policy. The Group and Issuer aim to manage SCR Coverage in the range of 130 per cent. to 150 per cent. Capital can be returned to shareholders as dividends or retained for future business growth, provided that SCR Coverage remains in the range of 130 per cent. to 150 per cent.

5 The Group’s commitments to tackling climate change

5.1 Net zero by 2050 and carbon neutral by 2023

The Group is committed to transitioning its investment portfolio to net zero greenhouse gas emissions by 2050, aligned with a maximum temperature rise of 1.5°C above pre-industrial levels and intends to partner with governments, and industry, to identify ways to support a low carbon economy. Further, the Group has achieved carbon neutrality in its direct operations ahead of its 2023 target.

5.2 Intermediate targets

The Group has established and will report on intermediate targets every five years in line with the Paris Agreement Article 4.9. In the first of these five-year periods the Group aims to achieve, by 2025, a 20 per cent. reduction in the carbon intensity of its portfolio of publicly traded corporate debt from that set out in its Environmental, Social and Governance Report 2020.

5.3 Disclosures

The Group is a supporter of the Financial Stability Board’s Taskforce on Climate-related Financial Disclosures (TCFD) and endorses its recommendations. The Group regularly reports on its progress and

publishes the carbon intensity of its portfolio on an annual basis. The Group is also a signatory of the UK Stewardship Code.

5.4 Embedding climate risk within investment portfolio assessment

The Group has fully embedded the management of climate risk into its business and risk management processes. The Group integrates climate-related risks into its business and risk management processes in the following manner:

- Transactions presented across its new asset approval committees need to address material Environmental, Social and Governance (“**ESG**”) issues.
- Climate data is stored bond by bond in the Group’s trading and risk management system and is as easily accessed as yield or credit rating.
- Climate screening approach identifies entities with elevated climate risk through a more detailed analysis to assess an issuer’s exposure and management of transitional climate impacts.
- Creation of a Responsible Investment policy.

5.5 The Group’s direct emissions and its action plans

The Group’s office is located in The Post Building, 100 Museum Street, London WC1A 1PB, United Kingdom (the “**Post Building**”). The Energy Performance Certificate for this new building, issued in 2019, states that the Energy Performance Asset Rating is 31 which gives it a rating of B, very close to the A rating boundary. The Post Building therefore provides the Group with a highly energy efficient office, minimising its energy consumption. The Group intends that all electricity provided to the Group’s office within the Post Building will come from a supplier of 100 per cent. renewable electricity as certified by the Carbon Trust.

5.6 Next steps

The Group’s approach to tackling climate change will continue to develop as industry guidance and regulatory requirements regarding disclosures evolve, data quality improves, and the Group’s approach matures. The Group believes that climate stewardship should be embedded throughout the Group’s organisation. Employee performance reviews include a component devoted to any efforts made to contribute to the Group’s ESG goals.

6 Recent Developments

6.1 Trading Statement of 2 May 2023

On 2 May 2023, the Issuer published a press release entitled “Substantial capital surplus and proven execution capabilities deliver strong performance in a buoyant market” (the “**Trading Statement**”). An extract of the Trading Statement is quoted below:

“Rothesay ... today provides an update on its trading and financial performance for the first quarter of 2023.

- **New business:** Since the start of 2023, Rothesay has completed de-risking transactions with 4 pension schemes, resulting in new business premiums of c.£1.6bn.
- **Market outlook:** Rothesay is currently in advanced stages on over c.£10bn of further new business. A buoyant bulk annuity market continues to create significant new business opportunities, with Rothesay’s own new business pipeline currently over £40bn. The Group

continues to maintain its disciplined approach to underwriting to ensure returns from new business are appropriate.

- **Solvency:** Rothesay is pleased to announce that the Prudential Regulation Authority has approved its application to use a Full Internal Model (FIM) in relation to Rothesay's Solvency Capital Requirement (SCR). The FIM will be implemented during the second quarter of 2023. [It is estimated] that the Group's solvency position as at 31st March 2023, pro-forma allowing for the impact of the FIM as of that date, would have been 243%. [Rothesay's] significant surplus capital means that Rothesay is well-placed for further future growth opportunities resulting from the positive conditions in the pension risk transfer market.
- **Market Consistent Embedded Value:** As of 31st March 2023, the Market Consistent Embedded Value of the Group was estimated to be c.£6.8bn (£6.4bn as at 31st December 2022).
- **Risk management:** Rothesay's long-term investment in market-leading risk management systems combined with its comprehensive liquidity risk management framework, meant that the Group's solvency and liquidity position remained very strong throughout the significant turbulence in the financial markets in 2023. Rothesay has minimal exposure to BBB-rated bonds and no direct exposure to US regional banks. Rothesay's commercial real estate lending exposure is primarily through senior debt financing of landmark property assets with highly-rated tenants and owners, and low Loan to Value (LTV) ratios. As at 31 December 2022, the average LTV ratio on [Rothesay's] commercial real estate loans was around 50%.
- **Credit ratings:** Rothesay Life Plc is rated A+ (Strong) for the Fitch Insurer Financial Strength Rating, and A2 for the Moody's Insurance Financial Strength Rating. The rating outlook is stable from both."

7 Board of Directors

7.1 Members of the boards of the Group and the Issuer

7.1.1 Naguib Kheraj (Non-Executive Chairman, Chair, Nomination & Chair, Remuneration)

Naguib Kheraj is a senior adviser to the Aga Khan Development Network and serves on the boards of various entities within that network. Naguib is also chairman of Petershill Partners plc, a member of the finance committee of the University of Cambridge and a member of the board of GAVI, the Vaccine Alliance. He was formerly a member of the investment committee of Wellcome Trust, the finance committee of Oxford University Press and served on the board of NHS England. Naguib began his career at Salomon Brothers and went on to hold a number of senior positions at leading financial institutions. He served as group finance director and vice-chairman and in various business leadership positions at Barclays and was CEO of JP Morgan Cazenove. He also served as deputy chairman of Standard Chartered plc and chaired its audit committee and risk committee during his tenure.

7.1.2 Antigone (Addy) Loudiadis (Founder Non-Executive Director)

Addy Loudiadis is Rothesay's co-founder and former Chief Executive Officer from 2007 to 2022. As Founder Director, Addy is a Non-Executive member of the Board. Addy was previously a partner of Goldman Sachs and served as the co-head of the investment banking division in Europe. Before moving to investment banking, she was head of European fixed income sales at Goldman Sachs. Addy is also a former board member of the Association of British Insurers. Addy is a Trustee of the Rothesay Foundation, Rothesay's charitable trust.

7.1.3 Thomas (Tom) Pearce (Chief Executive Officer)

Tom Pearce is co-Founder and Chief Executive Officer of Rothesay. Tom founded Rothesay with Addy Loudiadis in 2007 and was previously its Managing Director. Tom has overall responsibility for Rothesay's strategy and operational delivery, including Business Development, Financing, Investment Origination and Operations. Tom has been a Board Director of Rothesay since 2016. Prior to founding Rothesay, Tom was part of the fixed income and investment banking team at Goldman Sachs with responsibility for pension fund and insurance company clients. Tom sits on the board of the Association of British Insurers.

7.1.4 Andrew Stoker (Chief Financial Officer)

Andrew Stoker is the Chief Financial Officer of Rothesay following his appointment in 2014. At Rothesay, Andrew has responsibility for the finance and actuarial functions. Andrew was previously a partner in EY's risk and actuarial practice and prior to that was chief actuary at Lucida plc. Andrew has also held roles at PricewaterhouseCoopers LLP ("PwC"), Tillinghast (now WTW) and Legal & General. Andrew is an associate trustee of the Great Ormond Street Hospital Children's Charity and a member of the Bank of England's practitioner panel and insurance sub-committee.

7.1.5 Constant (Stan) Beckers (Non-Executive Director)

Stan Beckers retired from his role as chief executive officer of NN Investment Partners B.V. in 2017, having previously been co-head of BlackRock Solutions at BlackRock Advisors (UK) Limited and, prior to that, had spent six years with Barclays Global Investors Ltd, most recently as chief investment officer of Scientific Active Equity Europe. Stan started his career at BARRA (now MSCI BARRA) where, over a 20-year period, he established and managed its non-US operations. Stan is currently chair of Nomura Asset Management UK. Stan was previously a non-executive director of Robeco N.V. and a non-executive director of Kas Bank N.V.

7.1.6 Edward (Ed) Giera (Non-Executive Director and Chair, Board Risk)

Ed Giera is the senior independent non-executive director of Santander UK plc and chair of the Santander UK board risk committee. Ed was formerly a non-executive director for Pension Corporation Group Limited; ICBC Standard Bank plc; the Renshaw Bay Real Estate Fund and Renshaw Bay Structured Finance Opportunity Fund, respectively; and for NovaTech, L.L.C. Ed is currently a partner and manager of Boscobel Place Capital LLC, a private investment partnership focused on the global financial services sector, and principal of E.J. Giera, LLC, providing corporate finance advisory and fiduciary services. Formerly, his executive career was with JP Morgan Securities, the investment banking affiliate of JP Morgan Chase & Co. where he held positions as global head of pension advisory, head of capital markets for the EMEA region, and other senior roles.

7.1.7 Heather Jackson (Non-Executive Director)

Heather Jackson has held senior positions across retail and financial services, specialising in transformation and technology leadership. She was chief information officer for Capital One (UK & Europe) and subsequently HBOS/Lloyds, having previously led technology for a variety of retailers. At HBOS/Lloyds she led several functions in addition to technology e.g. HR, procurement, operations and payments. Heather currently holds nonexecutive directorship positions at Ikano Bank AB, Skipton Building Society and is a trustee for Yorkshire Cancer Research. She previously held non-executive positions at JD Sports and Fashion PLC, Lookers PLC, Tandem Bank, Ditto AI and the Child Maintenance Enforcement Commission.

7.1.8 Angela Darlington (Non-Executive Director)

Angela Darlington is a qualified actuary and has served as group chief risk officer of Aviva and CEO of Aviva's UK life and health insurance division. In addition to Rothesay, she is currently a non-executive director and chair of the risk committee at Yorkshire Building Society and a member of the council of the London School of Hygiene and Tropical Medicine.

7.1.9 Therese (Terry) Miller (Non-Executive Director and Chair, Customer & Conduct Committee)

Terry Miller is a non-executive director and the senior independent director of Galliford Try Plc, a non-executive director of Goldman Sachs International Bank and Goldman Sachs International, and a non-executive director and senior independent director of the Stelrad Group plc. During 2021, Terry was appointed as a non-executive director of the British Equestrian Federation. She was previously general counsel of the London Organising Committee of the Olympic and Paralympic Games (LOCOG), and a non-executive director of the British Olympic Association. Prior to her LOCOG appointment she was a partner of Goldman Sachs, most recently as international general counsel. Terry was awarded an OBE for services to the London 2012 Games in the 2013 New Year's Honours List.

7.1.10 Charles Pickup (Non-Executive Director)

Charles Pickup was previously a partner in the risk consulting and software division of Towers Watson (formerly Tillinghast) and acted as actuarial function holder for Lucida plc, Countrywide and BlackRock. Prior to this, Charles worked at Commercial Union and Prudential Bache Securities specialising in UK life insurance.

7.1.11 William (Bill) Robertson (Non-Executive Director and Chair, Audit)

Bill Robertson was previously the Global Life chief risk officer and Global Life chief actuary for Zurich Financial Services and also held various senior positions at Aegon. Prior to this, Bill was a partner at Hymans Robertson and head of actuarial at Scottish Amicable.

7.1.12 Melvin Timothy (Tim) Corbett (Non-Executive Director)

Tim Corbett is chief investment officer of Massachusetts Mutual Life Insurance Company. Tim is responsible for MassMutual's overall investment strategy and has oversight of the company's general investment Account. Prior to joining MassMutual in May 2011, Tim had been chief investment officer and head of pension fund management with the State of Connecticut Treasurer's Office since 2009.

7.1.13 Geoff Craddock (Non-Executive Director)

Geoff Craddock is MassMutual's chief risk officer. Geoff began his career in a range of trading and brokerage positions with various investment banks beginning in Europe. Subsequently, he held roles at the Canadian Imperial Bank of Commerce (CIBC) where he oversaw global market risk management for the bank's investment banking, trading and retail activities. In 2008, Geoff joined MassMutual's asset management subsidiary, OppenheimerFunds, establishing and leading their risk management and asset allocation function after the global financial crisis, enhancing their governance structure and facilitating execution of strategic initiatives. Geoff also served as the leadership sponsor for OppenheimerFunds corporate giving programme. Geoff assumed his current role at MassMutual in 2017.

7.1.14 Arjun Gupta (Non-Executive Director)

Arjun Gupta is president of Europe at GIC. In this role, Arjun heads GIC's London office, which covers Europe, the Middle East, and Africa. Arjun is a member of the GIC Global Leadership

Group and in addition, he is co-chair of the GIC Healthcare Business Group, a member of the Integrated Strategies Group investment committee, and a member of the Global Leadership Group nominating committee. Arjun joined GIC Private Equity in 2010 and subsequently held roles as head, portfolio within private equity and head, consumer and healthcare for private equity. He also served on the private equity management and investment committees. Prior to joining GIC, Arjun spent over 20 years in the consumer goods industry with Kraft Foods, where his last two roles were as managing director, Greater China and president, Asia Pacific.

7.1.15 Robin Jarratt (Non-Executive Director)

Robin Jarratt is head of the global private credit group at GIC. Robin has responsibility for all private credit investment by the firm in the US, Europe and Asia. Robin is a member of GIC Private Equity's management and investment committees. Robin is also an APPT and PMI accredited pension trustee.

8 Conflicts of Interest

The directors of the Group may, from time to time, hold directorships or other significant interests with companies outside of the Group which may have business relationships with the Group. Directors have a statutory duty to avoid conflicts of interest with the entities within the Group, and, in particular, the Issuer. The articles of association of each of the entities of the Group allow its directors to authorise conflicts of interest. The boards of the entities within the Group have adopted policies and effective procedures to manage and, where appropriate, approve conflicts or potential conflicts of interest. Under these procedures, directors are required to declare all directorships of companies which are not part of the Group, along with other appointments which could result in conflicts or could give rise to a potential conflict. The Nomination Committee, or the board of the relevant entity of the Group, where appropriate, evaluates and approves each such situation individually.

The following directors have been appointed to the boards of the relevant Group entities as representatives of the Shareholders:

- Arjun Gupta, shareholder director of Rothesay Limited and the Issuer (appointed by the GIC Shareholder);
- Geoff Craddock, shareholder director of Rothesay Limited and the Issuer (appointed by the MassMutual Shareholder)
- Robin Jarratt, shareholder director of Rothesay Limited and the Issuer (appointed by the GIC Shareholder); and
- Tim Corbett, shareholder director of Rothesay Limited and the Issuer (appointed by the MassMutual Shareholder).

From time to time, circumstances may arise in which the duties of these individuals as directors of the relevant Group entities may conflict with their interests as the representatives of Shareholders.

The Chairman and the following founder and executive directors are also shareholders through their holding of certain classes of non-voting shares in Rothesay Limited:

- Naguib Kheraj, Chairman and Independent Non-Executive Director of Rothesay Limited and the Issuer;
- Addy Loudiadis, founder director of Rothesay Limited and the Issuer;
- Tom Pearce, director of Rothesay Limited and the Issuer; and

- Andrew Stoker, director of Rothesay Limited and the Issuer.

From time to time, circumstances may arise where the duties of each of these individuals as directors of the relevant Group entities may conflict with their interests as holders of certain classes of non-voting shares in Rothesay Limited.

There are no other potential conflicts of interest between the duties of each of the directors to the Issuer and his/her private interests or other duties. The Group has appropriate procedures in place to identify and manage conflicts of interest should they arise.

9 Other Items

9.1 Pension schemes

The Group does not sponsor any defined benefit pension schemes and as such has no liabilities. Employees participate in a defined contribution scheme to which the Group provides a monthly contribution for eligible employees.

REGULATORY OVERVIEW

1 Introduction

The Group and its subsidiaries are subject to extensive laws and regulations, in particular, the UK regulatory framework established under FSMA. Such regulatory framework is enforced by a number of different governmental authorities and non-governmental agencies and other regulators. The Issuer is authorised by the PRA, and regulated by the PRA (in relation to prudential and organisational requirements) and the FCA (in relation to conduct of business requirements).

As a company carrying on an insurance business in the UK, the Group (and, in particular, the Issuer) is subject to detailed regulatory requirements, including requirements to be authorised to carry on an insurance business and to comply with comprehensive prudential and conduct of business rules.

This section provides an overview of the key features of the regulatory regime governing insurance business in the UK as it applies to the Group and, in particular, the Issuer.

2 Regulation by the Bank of England, the PRA and the FCA

The framework regulating the UK financial system separates prudential regulation (carried out by the PRA) and conduct of business regulation (carried out by the FCA). The Bank of England is responsible for ensuring and protecting the stability of the UK financial system and supervising financial market infrastructures.

The PRA (the Bank of England acting through its Prudential Regulation Committee) is responsible for the safety and soundness of the financial services sector through the micro-prudential regulation of insurers, banks, building societies, credit unions, certain friendly societies and major investment firms. The PRA started with two primary statutory objectives, introduced by the amendments to FSMA under the Financial Services Act 2012 (the “**FS Act**”), as follows:

- a general objective to promote the safety and soundness of the firms it regulates, focusing on the adverse effects that they can have on the stability of the UK financial system; and
- an objective specific to insurance firms, to contribute to the securing of an appropriate degree of protection for those who are or may become policyholders.
- In 2014, an additional secondary objective to promote effective competition in the markets for services provided by PRA-authorised firms was introduced. This further objective is complementary to, rather than the equivalent of, the FCA’s primary competition objective.

The FCA is the independent conduct of business regulator and, in broad terms, is responsible for, among other things, regulating standards of conduct in the retail and wholesale markets. The FCA has the strategic objective of ensuring that the retail and wholesale markets function effectively, as well as operational objectives focused on market integrity, consumer protection and effective competition. The FCA regulates the conduct of every authorised insurer in the UK.

As part of its Future Regulatory Framework Review (see – “*Future Regulatory Framework Review*” below), the UK government has proposed introducing a new statutory objective for both the FCA and PRA requiring them to act in a way which facilitates the long-term growth and international competitiveness of the UK economy (including the financial services sector).

The Bank of England has specific responsibilities in relation to financial stability, including:

- ensuring the stability of the financial system of the UK;

- the oversight of financial market infrastructures, in particular, inter-bank payment systems; and
- maintaining a broad overview of the financial system through its monetary stability role.

The Financial Policy Committee (“**FPC**”), a committee of the Bank of England’s board of directors, is responsible for monitoring and responding to systemic risks to the UK financial system. The FPC considers prudential regulation issues across the UK financial system on a macro-level, in contrast to the PRA’s micro-prudential role. The FPC may direct the PRA and the FCA to take action to address systemic risks.

As an authorised insurance company, the Issuer is required to comply with the provisions of FSMA, as well as the rules made by the PRA and the FCA under FSMA. These rules are set out in the PRA’s rulebook (“**PRA Rulebook**”) and the FCA’s handbook (“**FCA Handbook**”), respectively (see – “*The PRA Rulebook and the FCA Handbook*” below).

The PRA and the FCA have extensive powers to supervise and intervene in the affairs of the insurers that they are responsible for regulating. For example, the PRA and the FCA can supervise and/or intervene should they consider it appropriate in order to protect policyholders against a risk that an insurer may be unable to meet its liabilities as they fall due, that the threshold conditions (as discussed in more detail below) may cease to be met, that the insurer has failed to comply with obligations under the relevant legislation or rules, that the insurer has furnished them with misleading or inaccurate information or that there has been substantial departure from any proposal or forecast submitted to the relevant regulator.

The PRA Rulebook, the FCA Handbook and secondary legislation made under FSMA have been used to implement the requirements contained in a number of EU directives relating to financial services and to insurance businesses in particular, prior to the UK’s departure from the EU.

The PRA and the FCA have continued the more direct style of regulation adopted by the FSA following the onset of the financial crisis in 2008. This strategy, combined with (i) an outcome-focused regulatory approach and (ii) a more proactive approach to enforcement and more punitive approach to penalties for infringements, means that authorised firms continue to face increased supervisory intervention and scrutiny (resulting in increased internal compliance costs and supervision fees).

In addition, the FS Act provides for additional specific powers for the PRA and the FCA, including:

- the ability of the FCA to intervene in order to ban financial products from sale or to prevent an insurer from selling a widely accepted product if it determines such firm’s sale process to be unacceptable; and
- the ability of the FCA or the PRA to direct an unregulated UK holding company of an authorised firm (for example, Rothesay Limited) to take particular action, or refrain from taking a particular action, and to censure or fine such company if it does not so comply.

3 Future Regulatory Framework Review

In July 2019, the UK government launched a review of how financial services policy and regulation are made in the UK following Brexit, known as the “Future Regulatory Framework Review”. The UK government is not proposing to change the core elements of the FSMA model as a part of this review but it may result in some changes to the division of responsibilities between Parliament, HM Treasury, the PRA and FCA. In particular, more power may be devolved to the PRA and FCA to develop and maintain regulatory requirements for firms, including most of the EU standards that were incorporated within UK law at the end of the Brexit transition period. The regulators would, however, operate within a policy framework created by Parliament and HM Treasury and would be accountable to, and scrutinised by, them. The review may also result in some adjustments to the regulators’ objectives, with HM Treasury having proposed the introduction of new secondary objectives for the PRA and the FCA relating to growth and international competitiveness. Changes to FSMA would be

required to implement the various measures that have been proposed. In July 2022, HM Treasury published a consultation response on the review, in which it indicated that the government’s final policy to implement the review is laid out in the Bill and accompanying Impact Assessment and Explanatory Notes. Amongst other things, the Bill contains provisions which would allow for the delegation of more rule-making powers to the UK regulators and give them a secondary objective for growth and international competitiveness, as discussed above.

4 The PRA Rulebook and the FCA Handbook

The FCA Handbook and the PRA Rulebook set out the rules, guidance and other provisions made by the FCA and the PRA, respectively, under powers given to them under FSMA.

The FCA’s approach to regulation and the standards it requires insurers to maintain are set out in the FCA Handbook. In addition, the PRA Rulebook sets out the PRA’s rules in respect of which insurance companies are expected to comply, which focus on prudential matters.

The FCA Handbook and the PRA Rulebook comprise a number of sourcebooks or Parts containing regulatory obligations which are binding on firms, or manuals containing provisions relevant to the regulatory relationship which the regulators have with firms, such as in relation to supervision and enforcement. They include the following which are, amongst others, relevant to the Group:

- the Fundamental Rules and Principles for Businesses (each as defined below);
- the Senior Management Arrangements, Systems and Controls Sourcebook (“**SYSC**”);
- the “Conduct of Business Sourcebook” (“**COBS**”);
- the “Insurance: Conduct of Business Sourcebook” (“**ICOBS**”); and
- the “Mortgages and Home Finance: Conduct of Business Sourcebook” (“**MCOB**”).

The PRA Rulebook and the FCA Handbook provide the core ongoing requirements for PRA-authorized insurers, as discussed in further detail below.

4.1 The Principles for Businesses

Insurance companies that are authorized by the PRA are subject to certain overarching principles issued by the PRA (the “**Fundamental Rules**”) and the FCA (the “**Principles for Business**”). These principles are intended to ensure fairness and integrity in the provision of financial services in the UK and contain the fundamental obligations of insurers. The Fundamental Rules also focus on the effectiveness of the risk management frameworks of insurance companies that are authorized by the PRA. The emphasis and reliance on these principles by the PRA and the FCA has marked a move to more “judgement-based” regulation in recent years.

4.2 Prudential standards

It is a fundamental requirement of the PRA’s prudential rules that insurance companies maintain adequate financial resources. This requirement and the obligation for an insurer to carry out a risk-based assessment of its own capital requirements are contained in the PRA Rulebook.

The PRA Rulebook covers the overall requirement to have adequate financial resources (referred to as eligible own funds) to satisfy the technical provisions, minimum capital requirement and solvency capital requirement and sets out what constitutes eligible own funds and how different insurers should calculate their capital requirement. These are explained further in the section 9 below.

Provisions relating to the requirement to manage risks in general and details relating to management of particular types of risk are set out in the PRA Rulebook and in SYSC of the FCA Handbook. There are rules in SYSC which elaborate on the Principles for Business and aim to encourage senior managers and directors to take appropriate practical responsibility for an insurer's affairs. Other rules in SYSC are intended to ensure that, among other things:

- the insurer's employees have suitable skills, knowledge and expertise;
- the insurer has in place appropriate risk management systems and controls; and
- the insurer has in place appropriate compliance, record-keeping and audit systems.

4.3 The Senior Managers & Certification Regime

The Senior Managers & Certification Regime ("SMCR") came into effect for insurers from 10 December 2018.

The SMCR comprises the following elements:

- a senior managers' regime, which applies to individuals performing a senior management function ("SMF"). An SMF is a function that requires the person performing it to be responsible for managing one or more aspects of the relevant firm's affairs (so far as such affairs relate to regulated activities) and those aspects involve, or may involve, a risk of serious consequences for the relevant firm, or for business or other interests in the United Kingdom. Firms must ensure that every activity, business area and management function has an SMF with overall responsibility for it. Appointment of an individual performing an SMF requires regulatory approval;
- a certification regime, which applies to employees of relevant firms who could pose a risk of significant harm to the firm or to any of its customers ("Certified Persons"). Such employees are not pre-approved by the PRA or FCA. Rather, firms are required to certify that such employees are fit and proper to perform their roles on at least an annual basis. Every Certified Person receives one certificate which covers FCA functions and any PRA functions; and
- conduct rules, which are high level requirements that apply to most employees (other than ancillary staff) and non-executive directors of an insurer.

On 30 March 2023, His Majesty's Treasury ("HMT") published a call for evidence on the SMCR. In parallel, the FCA and PRA published a joint discussion paper on potential ways to improve the regime. HMT's call for evidence focuses on the legislative aspects of the regime while the joint discussion paper from the FCA and PRA focuses on the regulatory framework. Both papers close for comments on 1 June 2023.

The focus of the review is on introducing efficiencies into the regime and reducing the administrative burden on firms rather than more fundamental reform. The review covers every aspect of the regime, including its impact on the international competitiveness of the UK. Previous reviews of the SMCR have been more limited in scope.

4.4 Conduct of business requirements

Through COBS and ICOBS, the FCA regulates the distribution and sale of insurance products. COBS applies where such insurance products have an investment element, such as pension policies, and ICOBS applies to non-investment insurance products. Accordingly, differing requirements apply to the sale of long-term insurance contracts that function as savings and investment vehicles as compared to general and pure protection insurance contracts.

The scope and range of the obligations imposed on an authorised company under COBS and ICOBS varies according to the scope of the insurer's business and the nature of its clients. Many of the provisions only apply to insurance companies that deal directly with retail customers or to transactions with retail customers or provide packaged products. Authorised firms which advise on and sell insurance products are subject to detailed conduct of business obligations such as those relating to product disclosure, assessment of suitability for private customers, the range and scope of the advice which the firm provides, and fee and remuneration arrangements.

COBS and ICOBS are supplemented by the Principles for Business, including the principles that firms should provide information to consumers which is clear, fair and not misleading, and should treat customers fairly. Such principles are actionable by the FCA. In recent years, the conduct of sales of insurance products has come under greater scrutiny, resulting in an increase in the fines levied on firms by the FCA and compensation orders made against firms by the Financial Ombudsman Service (“FOS”) for breaches of the conduct of business rules and the Principles for Business. An example of such action is the extensive regulatory review and subsequent fines levied and compensation orders made in relation to the sale of payment protection insurance products.

In general, COBS and ICOBS govern the sale of new policies. However, they also include rules applicable in the course of administration of in-force policies by the Group relating to:

- information to be provided to existing policyholders;
- cancellation rights;
- the handling of claims;
- reporting to clients;
- treating policyholders fairly; and
- pensions transfer and the open market option.

These may apply regardless of whether or not an insurer is actively selling its products.

COBS and ICOBS implement the EU's Insurance Distribution Directive ((EU) 2016/97) (the “IDD”) in the UK, further details of which are provided in section 11 below.

Through MCOB, the FCA regulates the distribution and sale of home finance activities. Of particular relevance to the Issuer, it sets specific standards for the advising and selling of equity release mortgages, as well as rules and guidance relating to related product disclosure.

4.5 Treating customers fairly

There is a clear focus in the UK on the fair treatment of customers, in particular, on the manner in which insurance companies sell and administer insurance policies and other products. Principle 6 of the FCA's Principles for Business requires a firm to pay due regard to the interests of its customers and to treat them fairly. The emphasis of this initiative is to achieve fair outcomes for customers.

The FCA has wide-ranging powers to take enforcement action against insurers and individuals (for example, against senior management if it considers that they have failed in relation to their responsibilities) for breach of Principle 6, including where it finds that an insurance company's systems and controls or actions cause actual or potential consumer detriment.

4.6 Consumer Duty

On 14 May 2021, the FCA published a consultation paper (CP21/13) proposing to introduce a new “Consumer Duty” on firms that provide services to retail clients, that would set higher expectations for the standard of care that firms provide. The duty will require relevant firms to ask themselves what outcomes consumers should be able to expect from their products and services, act to enable rather than hinder those outcomes and assess the effectiveness of their actions. The FCA published a second consultation paper on 7 December 2021 (CP21/36) and issued a policy statement and finalised guidance on 27 July 2022 (PS22/9). The rules set out in the FCA’s policy statement are designed to provide clarity on the FCA’s expectations under a new Consumer Principle, which requires firms to act to deliver good outcomes for retail customers. These rules and guidance will come into force on a phased basis: for new and existing products or services that are open to sale or renewal, the rules will come into force on 31 July 2023 and for closed products or services, the rules will come into force on 31 July 2024.

The new Consumer Duty will overlap with existing Principles and outcomes relating to treating customers fairly and will, where it applies, result in the disapplication of Principles 6 (Customers’ interests) and 7 (Communications with clients).

5 Enforcement and Supervision

5.1 Enforcement

The PRA and the FCA have extensive powers to take a range of investigative, disciplinary or enforcement actions, including the ability to sanction companies and individuals.

Investigative powers include those which allow the PRA and the FCA to gather information, appoint investigators, and to require the production of a report by a skilled person. Enforcement action may include restrictions on undertaking new business, public censure, restitution or fines. In addition, the PRA (and, where relevant, the FCA) can grant, vary or cancel the permissions of an authorised insurance company for reasons including (i) that it is desirable to protect the interests of consumers or potential consumers, (ii) that the insurer has not engaged in regulated activities for 12 months or (iii) that it is failing, or likely to fail, to meet the threshold conditions (see “– *Permission to Carry on Insurance Business in the UK*”) below. The PRA and the FCA may impose product intervention rules and require the maintenance of adequate financial resources. Breaches of certain PRA and FCA rules by an authorised firm may also give a private person, who suffers loss as a result of the breach, a right of action against the authorised firm for damages.

In addition to the above, the FCA has the power to impose sanctions on an authorised person who is found to have committed market abuse and it has the power to institute criminal proceedings, including for offences under:

- FSMA or any statutory instruments made under it (with the exception of certain provisions for which the PRA is the relevant regulator);
- the insider dealing provisions of the Criminal Justice Act 1993; and
- certain provisions contained in anti-money laundering and counter-terrorist financing legislation.

The FCA and PRA, although not creditors, may seek administration orders under the Insolvency Act 1986 (as amended), present a petition for the winding-up of an authorised firm or have standing to be heard in the voluntary winding-up of an authorised firm. It should be noted that insurers carrying on long-term insurance business cannot voluntarily be wound up without the consent of the PRA. The FCA also has the ability to issue fines against firms who breach relevant competition laws.

5.2 Supervision

The PRA and the FCA have wide powers to supervise, and intervene in, the affairs of an insurance company under FSMA.

The nature and extent of the PRA's supervisory relationship with an insurer depends on how much of a risk the PRA considers it could pose to its statutory objectives. The PRA assigns insurers to one of five "impact categories", based on an insurer's potential to adversely affect the PRA's objectives by failing, coming under operational or financial stress, or because of the way in which the insurer carries out its business. The PRA's risk assessment framework also takes into account the external context in which the firm operates, the business risks that it faces on its viability and any mitigating factors.

The FCA's supervisory approach is built around three pillars, which can broadly be described as follows:

- **Pillar 1:** involves "proactive firm supervision" (also referred to as the "firm systematic framework") which is designed to be a forward-looking assessment of an insurer's conduct risk;
- **Pillar 2:** involves the FCA's event-driven work where it reacts to what is actually happening at the insurer; and
- **Pillar 3:** relates to products and issues, where the FCA carries out thematic reviews and market studies across a particular sector or sectors, which are becoming more common.

6 Permission to Carry on Insurance Business in the UK

Pursuant to section 19 of FSMA, it is unlawful to effect or carry out contracts of insurance in the UK without permission to do so from the PRA under Part 4A of FSMA (a "**Part 4A Permission**"). The FCA must also consent to the granting of the permission.

In order to grant a Part 4A Permission, the PRA (with input from the FCA, where appropriate) must determine that the applicant meets the requirements of FSMA, including certain "threshold conditions". The threshold conditions are the minimum conditions which must be satisfied, both at the time of authorisation and on an ongoing basis, in order for an insurer to gain and continue to have permission to carry on the relevant regulated activities under FSMA. Dual-regulated insurers (like the Issuer) must meet both the PRA's and the FCA's threshold conditions. These relate to matters including the applicant's legal form, whether the applicant has adequate resources (both financial and non-financial) to carry on its business and whether, having regard to all the circumstances (including whether the applicant's affairs are conducted soundly and prudently), the applicant is fit and proper to conduct the relevant regulated activities.

The Part 4A Permission contains a description of the activities that an authorised insurer is permitted to carry on. When granting a Part 4A Permission, the PRA may impose such limitations and requirements as it considers appropriate.

Once authorised, in addition to continuing to meet the threshold conditions, insurers must comply with the Principles for Businesses, as well as other rules in the PRA Rulebook and the FCA Handbook, as discussed above.

7 Change of Control of Insurance Companies

The FCA and PRA regulate the acquisition and increase (or decrease) of control of authorised firms. Under section 178 of FSMA, any person who intends to acquire or increase its "control" over a UK authorised insurance company must notify the PRA of its decision and receive approval from the PRA before becoming a "controller" or increasing its interest in such insurance company to or above certain thresholds.

The PRA must, within 60 working days of the date on which it acknowledges receipt of a notification (provided it has received all the necessary information), either approve, or notify the applicant that it does not approve, the relevant acquisition of or increase in control. In considering whether or not to grant or withhold its approval to the change of control, the PRA must consider the suitability of the acquirer and the financial soundness of the acquisition in order to ensure the sound and prudent management of the insurer. Additionally, in reaching its decision, the PRA is required to consult with the FCA and the FCA may require the PRA to reject the application or impose conditions on the approval of the application in certain circumstances.

The PRA must also be notified when the transaction which results in the change of control takes place. No prior approval for reducing control below one of the thresholds referred to below is required, although (pursuant to section 191D of FSMA) notification must still be given to the PRA of the relevant transaction prior to effecting the disposition.

A “controller” is any natural or legal person or such persons “acting in concert” who has or have taken a decision to acquire or increase, directly or indirectly, a holding above a certain level in a UK authorised insurance company. Broadly, “control” over a UK authorised insurer will occur if the acquirer (together with other persons acting in concert with it):

- holds 10 per cent. or more of the shares or voting rights in that company or in its parent undertaking; or
- is able to exercise significant influence over the management of an insurer by virtue of the acquirer’s shares or voting power in the company or its parent undertaking.

Increases in control of an insurance company require the prior approval of the PRA where they reach thresholds of 20 per cent., 30 per cent. and 50 per cent. or more of the shares or voting power in the insurer or its parent undertaking, or where the acquirer becomes the parent undertaking of the insurance company.

Breach of the requirements to notify the PRA of a decision to acquire or increase (or decrease) control or to obtain approval before effecting the relevant transaction in question is a criminal offence attracting fines, and other offences exist for breaches of the provisions of the change of control regime described above.

8 Transfers of Insurance Business

Any transfer of UK insurance business (as defined under FSMA) must be effected in accordance with Part VII of FSMA and relevant secondary legislation, which requires a scheme of transfer to be prepared and approved by the High Court of England and Wales (the “**Court**”). A Part VII transfer enables insurers and reinsurers to transfer all or part of their book of business to another approved insurer by operation of law without the need for individual policyholder consent, although policyholders have the right to object to the proposed scheme at the Court hearing. The proposed scheme may also allow for the transfer of assets and other contracts related to the transferring business so as to give proper effect to the transfer.

A report of an independent expert is required on the terms of the scheme which would consider amongst other things, whether the proposed transfer would have a material adverse effect on policyholders including in relation to their security of benefits and benefit expectation. The regulators also have an important role in a transfer under Part VII of FSMA, including in relation to the approval of the appointment of the independent expert and review of the independent expert’s report, and in advising the Court whether a transfer should be approved.

9 Solvency II

Solvency II has applied since 1 January 2016. Consistent with the general approach to the onshoring of EU law, following the expiry of the Brexit transitional period on 31 December 2020, Solvency II has been retained in the United Kingdom in substantially complete form with policy changes only being made to the extent they are

necessary to reflect the United Kingdom's position outside the EU. The UK and EU rules may diverge further in future, including as a result of reviews of the respective versions of Solvency II that are currently being undertaken by HM Treasury in the United Kingdom and the EU Commission in the EU.

In relation to the UK review, following a call for evidence and a quantitative impact study, HM Treasury published a consultation paper on 28 April 2022 in which it proposed the relaxation of some of the capital requirements imposed on UK insurers (with some counter-balancing changes also proposed). On 17 November 2022, HM Treasury published its response to the consultation, in which it proposed to legislate as necessary to introduce a number of reforms, including reducing the risk margin for life and non-life insurance business, increasing the risk sensitivity of the current fundamental spread approach and broadening the matching adjustment eligibility criteria. HM Treasury has also proposed further measures which include (among other things) requiring insurers to participate in regular stress testing, requiring senior managers to attest to the sufficiency of their firm's fundamental spread, allowing firms to apply a higher fundamental spread where the standard allowance is insufficient and allowing the PRA to seek assurances on internal credit ratings and to require adjustments where appropriate. HM Treasury has not indicated the timing for the legislation required to implement such reforms. The PRA has indicated that it expects to publish an initial consultation in June 2023 on related changes to its rules, with a second consultation to follow, on those areas that will benefit from more time for industry engagement, in September 2023.

The main aim of the Solvency II framework is to protect policyholders through establishing prudential requirements matched to the true risks of the business, taking into account other regulatory objectives of ensuring the financial stability of the insurance industry and stability of the markets. Solvency II adopts a three-pillar approach to prudential regulation, which can broadly be described as follows:

- **Pillar 1:** quantitative requirements covering the amount of capital an insurer should hold;
- **Pillar 2:** qualitative requirements in relation to undertakings such as risk management and supervisory activities; and
- **Pillar 3:** enhanced public and supervisory reporting, disclosure and transparency requirements.

More specifically, Solvency II contains rules covering, among other things:

- technical provisions against insurance and reinsurance liabilities;
- the valuation of assets and liabilities;
- the maintenance of a minimum capital requirement (“MCR”) and a higher and more risk-sensitive solvency capital requirement (“**Solvency Capital Requirement**” or “SCR”);
- what capital (that is, own funds) is eligible (and in what proportions) to cover technical provisions, the MCR and the Solvency Capital Requirement;
- what capital or assets are to be treated as being restricted to specific uses and not therefore fungible or transferable across the firm's entire operations;
- on what basis an insurer calculates its Solvency Capital Requirement;
- governance requirements, including risk management processes;
- requirements covering (i) matters to be reported privately to the firm's supervisor leading to a full supervisory review process, and (ii) matters to be published and made publicly available in a “solvency and financial condition report” (“SFCR”);

- rules providing for the Solvency Capital Requirement to be supplemented by a “capital add-on” in appropriate cases, the add-on to be imposed by the PRA;
- rules on insurance products which are linked to the value of specific property or indices; and
- the application of the above requirements across insurance groups.

A key aspect of Solvency II is the focus on a supervisory review at the level of the individual legal entity. Accordingly, the assessment of risks and capital requirements under Solvency II are intended to be aligned more closely with economic capital methodologies and include the option for insurance companies to calculate their own solvency requirements by using (with the approval of the PRA) an internal economic capital model. The process of obtaining approval to use an internal (or partial internal) model is a rigorous one involving a full review of the insurer’s governance arrangements and the PRA being satisfied that the internal economic capital model is fully used within the insurer’s business. The Group has received approval from the PRA for the use of a partial internal economic capital model for calculating its Solvency Capital Requirements in relation to credit and counterparty risk and continues to use the Standard Formula for other risks. Work has begun on development of a full internal model which would also cover the risk modules which are currently calculated by the Group using the standard formula. The implementation of the full internal model is expected to be completed in late 2023. The PRA may impose capital add-ons if it considers that the resultant capital requirement under the Standard Formula or any internal (or partial internal) model does not reflect the risk exposure of the insurer. The Group currently has a small capital add on. This predominantly relates to the risk that a higher proportion of pensioners than assumed have dependants and the inflation risk associated with inflation-linked liabilities.

Firms with illiquid liabilities such as annuity business can (with the approval of the PRA) discount these illiquid liabilities using the risk-free rate plus what is known as the ‘matching adjustment’. The matching adjustment is broadly equivalent to the illiquidity premium that can be earned on the illiquid assets held to back illiquid liabilities. The Issuer has received the approval of the PRA to apply the matching adjustment. The Group applies the matching adjustment in calculating the Best Estimate Liabilities for almost all of its single premium insurance business. The remaining liabilities are discounted at the risk-free rate.

The technical implementation of Solvency II resulted in a significant increase in the overall capital requirements of the Issuer. However, these increases were mitigated to an extent by the regime’s introduction of transitional provisions on technical provisions, which were designed to ensure a smooth transition to Solvency II. On 2 December 2015, the PRA confirmed that it had approved an application by the Issuer to apply transitional measures on technical provisions. This allows for a transitional deduction on technical provisions which is the difference between the net technical provisions calculated in accordance with the Solvency II rules and the net technical provisions calculated in accordance with the previous regime. The benefit of the transitional provisions will be phased out over a 16 year period from 2016.

An application can be made to re-calculate the amount of transitional provisions that can be taken if the risk profile of the Group changes materially. For example, the Group made such an application as at 31 December 2018 at the time its partial internal model was approved and also as at 31 December 2020 as well as at 30 June 2022 and 31 December 2022.

Solvency II also requires insurers to disclose a considerable level of qualitative and quantitative information, both to their own supervisor through “regular supervisory reporting” and to the market through the publication of the SFCR. This is intended to ensure transparency, allowing easier comparison across the industry and enabling supervisors to identify sooner if insurers are heading for financial difficulty. In turn, increased transparency is intended to drive market discipline, arising from the reaction of rating agencies and the capital markets to insurers’ performance.

In addition to these capital requirements and procedures, the Solvency II regime also imposes various requirements in relation to insurers' business operations, including the organisation of internal processes, the roles and responsibilities among certain key officers and external reporting obligations, as well as to the presentation of financial information.

10 Markets in Financial Instruments Directive

Although the Markets in Financial Instruments Directive does not apply to insurance businesses, it has driven changes to the conduct of business rules, including those that apply to insurance businesses.

The original Markets in Financial Instruments Directive 2004/39/EC (“**MiFID**”) and its predecessor legislation, the Investment Services Directive, set out detailed and specific requirements in relation to organisational and conduct of business matters for investment firms and regulated markets. In particular, MiFID and its implementing measures made specific provision in relation to, among other things, organisational requirements, outsourcing, customer classification, conflicts of interest, best execution, client order handling and suitability and appropriateness, and investment research and financial analysis, pre- and post-trade transparency obligations, transaction reporting and substantial changes to the responsibility for the supervision of cross-border investment services (including the UK).

In May 2014, MiFID was replaced by (i) a substantially revised Markets in Financial Instruments Directive; (ii) the Markets in Financial Instruments Regulation (EU) No 600/2014; and (iii) secondary legislation in the form of Delegated Acts made thereunder (together, “**MiFID II**”). MiFID II came into force on 3 January 2018 and represents a significant overhaul of the EU regulatory regime for financial services. The Markets in Financial Instruments Regulation (EU) No 600/2014 forms part of domestic law by virtue of the EUWA (“**UK MiFIR**”).

MiFID II and UK MiFIR set out detailed and specific requirements in relation to organisational, trading and conduct of business matters for investment firms and trading venues. Each of MiFID II and UK MiFIR is more wide ranging than MiFID and has direct impact on MiFID and UK MiFIR investment firms respectively and indirect impact on non-MiFID and non-UK MiFIR financial services firms respectively who deal in EU securities and derivatives markets and UK securities and derivatives markets respectively.

11 Insurance Distribution

The United Kingdom insurance distribution regime is derived in part from the IDD, which was transposed into UK law through legislation, regulations and FCA rules, including amendments to FSMA, ICOBS and COBS. Similarly to Solvency II, to the extent that on-shoring was necessary following the expiry of the Brexit transitional period, policy changes were not made except to the extent necessary to reflect the United Kingdom's position outside of the EU.

The IDD is designed to improve the regulation of the retail insurance market and aims to ensure a level playing field between all participants involved in the sale of insurance products, and to strengthen policyholder protection. Key elements of the IDD include:

- extending the scope of the EU's original insurance distribution regime to cover all sales of insurance products, whether by insurance intermediaries or insurance undertakings, including proportionate requirements for those who sell insurance products on an ancillary basis;
- identifying, managing and mitigating conflicts of interest;
- strengthening administrative sanctions, as well as measures to be applied in the event of a breach of key provisions;

- enhancing the suitability and objectiveness of insurance advice;
- mandatory disclosure at the pre-contractual stage by insurance intermediaries of the nature and basis (but not amount) of remuneration received; and
- ensuring that sellers' professional qualifications match the complexity of the products that they sell.

12 Whistleblowing

In October 2015, the PRA and FCA published policy statements containing new rules in relation to whistleblowing by employees with respect to the conduct of their employers or others within their firm.

The rules go further than the requirements of the Public Interest Disclosure Act 1998 (“**PIDA**”), which is the legislation that protects employees who act as whistleblowers in relation to the conduct of their employer or others within their firm. The rules are designed to encourage individuals with concerns about a firm's practices to raise them, and to ensure that such concerns are properly managed and reported to the regulator where appropriate.

The rules apply to:

- insurance and reinsurance firms within the scope of Solvency II and the Society of Lloyd's and managing agents;
- PRA-designated investment firms; and
- UK deposit takers with assets of £250 million or more (including banks, building societies and credit unions).

Under the rules, such firms must:

- appoint a senior manager in accordance with the requirements of the SMCR who is a non-executive director to act as a “whistleblowers' champion”. The whistleblowers' champion is responsible for oversight of the firm's whistleblowing policies and procedures, and for ensuring an annual report on whistleblowing is presented to the board and made available to the regulator;
- put internal arrangements in place to handle any type of disclosure by any person (including anonymous disclosures) as opposed to only those disclosures that currently fall within the scope of the PIDA;
- put in place systems which protect confidentiality, allow for the escalation of concerns to the appropriate regulator, track the outcome of whistleblowing reports, provide feedback to whistleblowers and have measures in place to protect whistleblowers from victimisation;
- inform the FCA and the PRA if there is an unsuccessful judgment against the firm in an employment tribunal claim for whistleblowing and there are findings relating to a claim that the whistleblower was victimised;
- ensure that employees based in the United Kingdom are informed about the whistleblowing services offered by the PRA and the FCA and they can approach these regulators directly without first raising concerns with their employer; and
- ensure their appointed representatives and tied agents inform their own staff about the FCA and the PRA's whistleblowing arrangements.

13 Money Laundering and Financial Crime

The FCA has a duty to consider the importance of minimising the risk of the insurance companies that it regulates being used for financial crime. It therefore looks at measures an insurer takes to monitor, detect and prevent financial crime. This includes measures in respect of money laundering, terrorist financing, data security, bribery and corruption, fraud and sanctions breaches. The EU's Fourth Money Laundering Directive ("MLD4") sets out the EU's anti-money laundering and counter terrorist financing framework and was implemented in the UK on 26 June 2017. The EU authorities subsequently adopted a Fifth Money Laundering Directive ("MLD5") to clarify certain aspects of MLD4. MLD5 was transposed into UK law by way of the Money Laundering and Terrorist Financing (Amendment) Regulations 2019 (SI 2019/1511), the majority of which came into force on 10 January 2020.

14 Consumer Complaints and Compensation

The Financial Services Compensation Scheme ("FSCS"), established under FSMA, seeks to protect policyholders where a UK authorised insurer is unable or unlikely to be able to meet its financial obligations to policyholders. The FSCS provides compensation to certain categories of customer who suffer loss as a consequence of the failure by an insurer to meet its liabilities arising from claims made in connection with regulated activities. Participating insurers and other financial services firms are responsible for contributing to compensation schemes in respect of insurers and other financial services firms that are unable to meet their obligations to policyholders. In this respect, the FSCS is funded by way of levies imposed on all of its participating insurers, including the Issuer.

Insurance companies, along with other authorised entities and certain other unregulated businesses, fall within the jurisdiction of the FOS, which is a body established under FSMA. The FOS is a free and independent service for individuals and small business customers designed to resolve disputes where the customer is not satisfied with the response received from an authorised insurer. Authorised insurers are required to have adequate complaints-handling procedures in place but, where these are exhausted and a complaint or dispute has not been resolved, the FOS provides for dispute resolution in respect of certain categories of customer complaints brought by individuals and small business customers. This service covers most financial products and services in (or from) the UK. Insurers that are covered by the FOS are required to pay levies and case fees, which provide the funding for the FOS. Although the FOS takes account of relevant regulation and legislation, its guiding principle is to resolve matters on the basis of what is fair and reasonable. In this regard, the FOS is not bound by its own precedent; however, the decisions made by the FOS are binding on insurers.

In addition, where larger groups or matters of public policy are concerned, the PRA and/or the FCA may intervene directly to provide redress to consumers.

15 Data Protection

On 25 May 2018, the General Data Protection Regulation 2016/679 ("GDPR") came into force and replaced the previous regime set out in the first Data Protection Directive (Directive 95/46/EC) on the protection of individuals with regard to the processing of personal data and on the free movement of such data. The GDPR contains measures that seek to harmonise data protection procedures and enforcement across the EU. It is directly binding on data controllers (as well as imposing certain direct obligations on data processors) in all EU member states without the need for implementation by the member states. Importantly, the penalties for breach of the GDPR are substantial. Following the end of the Brexit transition period, on 31 December 2020, an amended version of the GDPR continues to apply in the UK.

In the UK, the Data Protection Act 2018 (the "DPA") exercised on the UK's part the limited discretion accorded to member states under the GDPR, and dealt with data processing issues not covered by the GDPR.

The Group is required to comply with the GDPR, the UK version of the GDPR and the DPA, and any breach could give rise to criminal or civil liability and other enforcement action by the Information Commissioner's Office.

16 Competition Regulation

The CMA is the UK's competition authority. Its regulatory and enforcement powers could impact the insurance sector in a number of ways, including powers to investigate and impose remedies on any feature, or combination of features, of a market in the UK. In addition, since 1 April 2015, the FCA has also had competition powers under the Enterprise Act 2002 and the Competition Act 1998 relating to the financial services sector, which it holds concurrently with the CMA.

17 Recovery, resolution and restructuring regimes

For information on the proposed development of recovery, resolution and restructuring regimes for insurance companies, please see the risk factor entitled "*The Group may become subject to regimes governing the recovery, resolution or restructuring of insurance companies*".

TAXATION

The following is a general description of certain United Kingdom tax considerations relating to the Notes or Coupons, as well as a description of FATCA. It does not purport to be a complete analysis of all tax considerations relating to the Notes or Coupons whether in the UK or elsewhere. It relates to the position of persons who are the absolute beneficial owners of the Notes or Coupons and some aspects do not apply to certain classes of taxpayer (such as dealers and Noteholders who are connected or associated with the Issuer for relevant tax purposes). The statements in this section do not constitute tax or legal advice. Prospective Noteholders who may be subject to tax in a jurisdiction other than the UK or who may be unsure as to their tax position should seek their own professional advice. This summary is based upon the law as in effect on the date of this Information Memorandum and is subject to any change in law that may take effect after such date.

Investors should also note that the appointment by an investor in Notes or Coupons, or any person through which an investor holds Notes or Coupons, of a custodian, collection agent or similar person in relation to such Notes in any jurisdiction may have tax implications. Investors should consult their own tax advisers in relation to the tax consequences for them of any such appointment.

United Kingdom

General

The comments in this part are of a general nature and are not intended to be exhaustive. They are based on current UK tax law as applied in England and Wales and published HM Revenue & Customs practice (which may not be binding on HM Revenue & Customs), in each case as at the date of this Information Memorandum. They assume that there will be no substitutions of the Issuer and do not address the consequences of any such substitution (notwithstanding that such substitution may be permitted by the Terms and Conditions of the Notes). They relate only to the UK withholding tax treatment of payments of interest (as that term is understood for UK tax purposes) in respect of Notes. They do not deal with any other UK taxation implications of acquiring, holding or disposing of Notes. The UK tax treatment of prospective Noteholders depends on their individual circumstances and may be subject to change in the future. In particular, Noteholders should be aware that the tax legislation of any jurisdiction where a Noteholder is resident or otherwise subject to tax may have an impact on the tax consequences of an investment in the Notes including in respect of any income received on the Notes and Coupons. Noteholders who may be unsure as to their tax position should seek their own professional advice.

Interest on the Notes

Payments of interest on the Notes by the Issuer may be made by the Issuer without deduction of or withholding for or on account of UK income tax provided that the Notes carry a right to interest and are and continue to be listed on a “recognised stock exchange” within the meaning of Section 1005 of the Income Tax Act 2007 (the “Act”), or admitted to trading on a multilateral trading facility operated by a UK, Gibraltar or EEA regulated recognised stock exchange, within the meaning of Sections 987 and 1005 of the Act. The GEM of Euronext Dublin is a multilateral trading facility operated by an EEA regulated recognised stock exchange (Irish Stock Exchange (trading as Euronext Dublin)) for the purposes of Section 987 of the Act.

In other cases, an amount must generally be withheld from payments of interest on the Notes which have a UK source on account of UK income tax at the basic rate (currently 20 per cent.), subject to any other available exemptions and reliefs under domestic law or to any direction to the contrary from HM Revenue & Customs in respect of such relief as may be available pursuant to the provisions of any applicable double taxation treaty.

FATCA Withholding

Pursuant to certain provisions of U.S. law, commonly known as FATCA, a “foreign financial institution” may be required to withhold on certain payments it makes (“**foreign passthru payments**”) to persons that fail to meet certain certification, reporting, or related requirements. The Issuer is a foreign financial institution for these purposes. A number of jurisdictions (including the United Kingdom) have entered into, or have agreed in substance to, intergovernmental agreements with the United States to implement FATCA (“**IGAs**”), which modify the way in which FATCA applies in their jurisdictions. Certain aspects of the application of the FATCA provisions and IGAs to instruments such as the Notes, including whether withholding would ever be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Notes, are uncertain and may be subject to change. Even if withholding would be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Notes, proposed regulations have been issued that provide that such withholding would not apply to foreign passthru payments prior to the date that is two years after the date on which final regulations defining foreign passthru payments are published in the U.S. Federal Register. In the preamble to the proposed regulations, the U.S. Treasury Department indicated that taxpayers may rely on these proposed regulations until the issuance of final regulations. Additionally, Notes characterised as debt (or which are not otherwise characterised as equity and have a fixed term) for U.S. federal tax purposes that are issued on or prior to the date that is six months after the date on which final regulations defining foreign passthru payments are published generally would be grandfathered for purposes of FATCA withholding unless materially modified after such date (including by reason of a substitution of the issuer). However, if Further Notes (as described under “*Terms and Conditions of the Tier 2 Notes—Further Issues*” and “*Terms and Conditions of the Tier 3 Notes—Further Issues*”, as the case may be) that are not distinguishable from the previously issued Notes of a Series are issued after the expiration of the grandfathering period and are subject to withholding under FATCA, then withholding agents may treat all Notes of that Series, including the Notes of that Series offered prior to the expiration of the grandfathering period, as subject to withholding under FATCA. Holders should consult their own tax advisers regarding how these rules may apply to their investment in the Notes. In the event any withholding would be required pursuant to FATCA or an IGA with respect to payments on the Notes, no person will be required to pay additional amounts as a result of the withholding.

SUBSCRIPTION AND SALE

Summary of Dealer Agreement

Subject to the terms and on the conditions contained in an amended and restated Dealer Agreement dated 5 May 2023 (the “**Dealer Agreement**”) between the Issuer and the Dealers, the Notes will be offered by the Issuer to the relevant Dealer(s). The Notes may be resold at prevailing market prices, or at prices related thereto, at the time of such resale, as determined by the relevant Dealer(s). The Notes may also be sold by the Issuer through the relevant Dealer(s), acting as agent(s) of the Issuer. The Dealer Agreement also provides for Notes to be issued in syndicated Tranches that are jointly and severally underwritten by two or more Dealers.

The Issuer will pay each relevant Dealer a commission as agreed between them in respect of Notes subscribed by it. The Issuer has agreed to reimburse the Arranger for certain of its expenses incurred in connection with the update of the Programme and the Dealers for certain of their activities in connection with the Programme.

The Issuer has agreed to indemnify the Dealers against certain liabilities in connection with any relevant offer and sale of the Notes. The Dealer Agreement entitles the Dealers to terminate any agreement that they make to subscribe Notes in certain circumstances prior to payment for such Notes being made to the Issuer.

Selling Restrictions

United States of America

Each Dealer has acknowledged, and each further Dealer appointed under the Programme will be required to acknowledge, that the Notes have not been and will not be registered under the Securities Act, and the Notes may not be offered or sold within the U.S. or to, or for the account or benefit of, U.S. persons except in certain transactions exempt from the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S.

Bearer Notes are subject to U.S. tax law requirements and may not be offered, sold or delivered within the U.S. or its possessions or to a U.S. person, except in certain transactions permitted by U.S. tax regulations. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code of 1986, as amended, and regulations thereunder. The applicable Pricing Supplement will identify whether TEFRA C rules or TEFRA D rules apply or whether TEFRA is not applicable.

Each Dealer has agreed that, and each further Dealer appointed under the Programme will be required to agree that, except as permitted by the Dealer Agreement, it will not offer or sell or deliver Notes (i) as part of its distribution at any time or (ii) otherwise until 40 days after the completion of the distribution of any identifiable tranche of which such Notes are a part within the U.S. or to, or for the account or benefit of, U.S. persons, and it will have sent to each dealer to which it sells Notes during the distribution compliance period a confirmation or other notice setting forth the restrictions on offers and sales of the Notes within the U.S. or to, or for the account or benefit of, U.S. persons. Terms used in this paragraph have the meaning given to them by Regulation S.

In addition, until 40 days after the commencement of the offering of any identifiable tranche of Notes, an offer or sale of Notes within the U.S. by any dealer (whether or not participating in the offering of such tranche of Notes) may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in accordance with an available exemption from registration under the Securities Act.

United Kingdom

Prohibition of Sales to UK Retail Investors

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes which are the subject of any offering contemplated by this Information Memorandum as completed by the relevant Pricing Supplement in relation thereto to any retail investor in the UK. For the purposes of this provision, the expression “**retail investor**” means a person who is one (or more) of:

- (a) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the EUWA; or
- (b) a customer within the meaning of the provisions of the FSMA and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of UK MiFIR.

Other regulatory restrictions

Each Dealer has represented, warranted and agreed, and each further Dealer appointed under the Programme will be required to represent, warrant and agree, that:

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

Prohibition of Sales to EEA Retail Investors

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes which are the subject of any offering contemplated by this Information Memorandum as completed by the relevant Pricing Supplement in relation thereto to any retail investor in the EEA. For the purposes of this provision, the expression “**retail investor**” means a person who is one (or more) of the following:

- (a) a retail client as defined in point (11) of Article 4(1) of MiFID II; or
- (b) a customer within the meaning of Directive (EU) 2016/97, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II.

Canada

The Notes have not been, and will not be, qualified for sale under the securities laws of Canada or any province or territory thereof. Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that the Notes may be sold only to, and it has not offered, sold or placed and will not offer, sell or place the Notes in Canada except to, purchasers purchasing, or deemed to be purchasing, as principal that are accredited investors, as defined in National Instrument 45-106 Prospectus Exemptions or subsection 73.3(1) of the Securities Act (Ontario), and are permitted clients, as defined in National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations. Any

resale of the Notes must be made in accordance with an exemption from, or in a transaction not subject to, the prospectus requirements of applicable securities laws.

Securities legislation in certain provinces or territories of Canada may provide a purchaser with remedies for rescission or damages if this Information Memorandum (including any amendment thereto) contains a misrepresentation, provided that the remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province or territory. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province or territory for particulars of these rights or consult with a legal adviser.

Republic of Italy

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered, sold or otherwise made available, and will not offer, sell or otherwise make available, any Notes to any investor in Italy.

Hong Kong

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that:

- (a) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any Notes other than (i) to "professional investors" as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong (the "SFO") and any rules made under the SFO; or (ii) in other circumstances which do not result in the document being a prospectus as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong (the "C(WUMP)O") or which do not constitute an offer to the public within the meaning of the C(WUMP)O; and
- (b) it has not issued or had in its possession for the purposes of issue, and will not issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Notes, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Notes which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" as defined in the SFO and any rules made under the SFO.

Japan

The Notes have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended (the "FIEA")) and each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it will not offer or sell any Notes directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan (which term as used herein means any person resident in Japan, including any corporation or other entity organised under the laws of Japan), or to others for re-offering or resale, directly or indirectly, in Japan or to, or for the account or benefit of, a resident of Japan except pursuant to an exemption from registration requirements of, and otherwise in compliance with the FIEA and any other laws and regulations of Japan.

Singapore

Each Dealer has acknowledged, and each further Dealer appointed under the Programme will be required to acknowledge, that the Information Memorandum has not been registered as a prospectus with the Monetary Authority of Singapore.

Accordingly, each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered or sold any Notes, or caused the Notes to be made the subject of an invitation for subscription or purchase, and it will not offer or sell any Notes, or cause the Notes to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, this Information Memorandum or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Notes, whether directly or indirectly, to any person in Singapore other than:

- (a) to an institutional investor (as defined in Section 4A of the Securities and Futures Act 2001 (2020 Revised Edition) of Singapore, as modified or amended from time to time (the “SFA”)) pursuant to Section 274 of the SFA;
- (b) to a relevant person (as defined in Section 275(2) of the SFA) pursuant to Section 275(1) of the SFA, or any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA; or
- (c) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the Notes are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

- (i) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or
- (ii) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

securities or securities-based derivatives contracts (each term as defined in Section 2(1) of the SFA) of that corporation or the beneficiaries’ rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Notes pursuant to an offer made under Section 275 of the SFA except:

- (A) to an institutional investor or to a relevant person defined, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(c)(ii) of the SFA;
- (B) where no consideration is or will be given for the transfer;
- (C) where the transfer is by operation of law;
- (D) as specified in Section 276(7) of the SFA; or
- (E) as specified in Regulation 37A of the Securities and Futures (Offer of Investments) (Securities and Securities-based Derivatives Contracts) Regulations 2018.

In connection with Section 309B of the SFA and the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore (the “**CMP Regulations 2018**”), unless otherwise specified before an offer of Notes, the Issuer has determined, and hereby notifies all relevant persons (as defined in Section 309A(1) of the SFA), that the Notes are ‘prescribed capital markets products’ (as defined in the CMP Regulations 2018) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

General

No action has been taken by the Issuer or the Dealers that would, or is intended to, permit a public offer of the Notes or possession or distribution of this Information Memorandum or any other offering or publicity material

relating to the Notes in any country or jurisdiction where any such action for that purpose is required. Accordingly, each Dealer has undertaken, and each further Dealer appointed under the Programme will be required to undertake, that it will not, directly or indirectly, offer or sell any Notes or have in its possession, distribute or publish any offering circular, prospectus, form of application, advertisement or other document or information in any country or jurisdiction except under circumstances that will, to the best of its knowledge and belief, result in compliance in all material respects with any applicable laws and regulations and all offers and sales of Notes by it will be made on the same terms.

FORM OF PRICING SUPPLEMENT

The form of Pricing Supplement that will be issued in respect of each Tranche of Notes, subject to completion and to the deletion of non-applicable provisions, is set out below:

[MiFID II product governance / Professional investors and ECPs only target market – Solely for the purposes of [the/each] manufacturer[‘s/s’] product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is eligible counterparties and professional clients only, each as defined in Directive 2014/65/EU (as amended, “**MiFID II**”); and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. [*Consider any negative target market*]. Any person subsequently offering, selling or recommending the Notes (a “**distributor**”) should take into consideration the manufacturer[‘s/s’] target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturer[‘s/s’] target market assessment) and determining appropriate distribution channels.]

[UK MiFIR product governance / Professional investors and ECPs only target market – Solely for the purposes of [the/each] manufacturer[‘s/s’] product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is only eligible counterparties, as defined in the FCA Handbook Conduct of Business Sourcebook (“**COBS**”), and professional clients, as defined in Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (“**UK MiFIR**”); and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. [*Consider any negative target market*]. Any [person subsequently offering, selling or recommending the Notes (a “**distributor**”)] [distributor] should take into consideration the manufacturer[‘s/s’] target market assessment; however, a distributor subject to the FCA Handbook Product Intervention and Product Governance Sourcebook (the “**UK MiFIR Product Governance Rules**”) is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturer[‘s/s’] target market assessment) and determining appropriate distribution channels.]

Prohibition of Sales to EEA Retail Investors – The Notes are not intended to be offered, sold or otherwise made available and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area (“**EEA**”). For these purposes, a “**retail investor**” means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of [Directive 2014/65/EU (as amended, “**MiFID II**”)]/[MiFID II]; or (ii) a customer within the meaning of Directive 2016/97/EU, as amended, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II. Consequently, no key information document required by Regulation (EU) No 1286/2014 (as amended, the “**EEA PRIIPs Regulation**”) for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the EEA PRIIPs Regulation.

Prohibition of Sales to UK Retail Investors – The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the United Kingdom (“**UK**”). For these purposes, a “**retail investor**” means a person who is one (or more) of: (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (“**EUWA**”); or (ii) a customer within the meaning of the provisions of the Financial Services and Markets Act 2000 (the “**FSMA**”) and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA. Consequently, no key information document required by Regulation (EU) No 1286/2014 as it forms part of domestic law by virtue of the EUWA (the “**UK PRIIPs Regulation**”) for offering

or selling the Notes or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.

[Singapore SFA Product Classification – In connection with Section 309B of the Securities and Futures Act 2001 of Singapore (the “SFA”) and the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore (the “CMP Regulations 2018”), the Issuer has determined, and hereby notifies all relevant persons (as defined in Section 309A(1) of the SFA), that the Notes are [prescribed capital markets products] / [capital markets products other than prescribed capital markets products] (as defined in the CMP Regulations 2018) and [are] [Excluded] / [Specified] Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendation on Investment Products.)⁷

Pricing Supplement dated []

Rothesay Life Plc

Legal entity identifier (LEI): MFQO711J5UPYBWXSPG12)

Issue of [Aggregate Nominal Amount of Tranche] [Title of Notes]

under the £3,000,000,000 Euro Medium Term Note Programme

PART A - CONTRACTUAL TERMS

[Terms used herein shall be deemed to be defined as such for the purposes of the Terms and Conditions of the Tier [2/3] Notes (the “Conditions”) set forth in the Information Memorandum dated 5 May 2023 [and the supplement[s] dated []] (the “Information Memorandum”).

This document constitutes the Pricing Supplement of the Notes described herein and must be read in conjunction with the Information Memorandum [as so supplemented]. Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of this Pricing Supplement and the Information Memorandum [as so supplemented]. Copies of the Information Memorandum [and the supplement[s]] may be obtained from Rothesay Life Plc at The Post Building, 100 Museum Street, London WC1A 1PB, United Kingdom.]

[Terms used herein shall be deemed to be defined as such for the purposes of the Terms and Conditions of the Tier [2/3] Notes (the “Conditions”) set forth in the Information Memorandum dated [] [and the supplement[s] dated []] which are incorporated by reference in the Information Memorandum dated [] [and the supplement[s] dated []] (the “Information Memorandum”).

This document constitutes the Pricing Supplement of the Notes described herein and must be read in conjunction with the Information Memorandum [as so supplemented], including the Conditions incorporated by reference therein. Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of this Pricing Supplement and the Information Memorandum [as so supplemented], including the Conditions incorporated by reference therein. Copies of the Information Memorandum [and the supplement[s]] may be obtained from Rothesay Life Plc at The Post Building, 100 Museum Street, London WC1A 1PB, United Kingdom.]

1 **Issuer:**

Rothesay Life Plc

⁷ For any Notes to be offered to Singapore investors, the Issuer to consider whether it needs to re-classify the Notes pursuant to Section 309B of the SFA prior to the launch of the offer.

2	(i) Series Number:	[]
	(ii) Tranche Number:	[]
	(iii) Date on which the Notes become fungible:	[Not Applicable][The Notes shall be consolidated, form a single series and be interchangeable for trading purposes with the <i>[insert description of the Series]</i> on <i>[insert date/the Issue Date/exchange of the Temporary Global Note for interests in the Permanent Global Note, as referred to in paragraph [] below</i> [which is expected to occur on or about <i>[insert date]</i>]].]
3	Specified Currency or Currencies:	[]
4	Aggregate Nominal Amount:	
	(i) Series:	[]
	(ii) Tranche:	[]
5	Issue Price:	[] per cent. of the Aggregate Nominal Amount [plus accrued interest from []]
6	(i) Specified Denominations:	[] [and integral multiples of [] in excess thereof up to and including []. [No Notes in definitive form will be issued with a denomination above[]]]
	(ii) Calculation Amount:	[]
7	(i) Issue Date:	[]
	(ii) Interest Commencement Date:	[[]/Issue Date]
8	Maturity Date:	[[]/The Interest Payment Date falling in or nearest to []]
9	Interest Basis:	[[] per cent. Fixed Rate] [] month [EURIBOR]/[BBSW Rate] [+/-[] per cent. Floating Rate] [Fixed Rate Reset Notes] [Fixed to Floating Rate Notes] (further particulars specified below)
10	Redemption Basis:	[Subject to earlier redemption or purchase and cancellation, the Notes will be redeemed on the Maturity Date at par]/[Not Applicable]
11	Change of Interest Basis:	[]/[Fixed Rate Reset Notes]/[Fixed to Floating Rate Notes]/[Not Applicable]
12	Call Options:	[Issuer Call Option] [Ratings Methodology Call] [Issuer Clean-up Call] (further particulars specified below)
13	(i) Status of the Notes:	Tier [2/3] Notes

- (ii) Date of Board [and sub-committee] approval[s] for issuance of Notes obtained: [[]/Not Applicable, save as discussed in [Paragraph 2] of the “*General Information*” section in the Information Memorandum]

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

- 14 **Fixed Rate Note and Fixed to Floating Rate Note Provisions:** [Applicable/Not Applicable/Applicable for the period from (and including) [] to (but excluding) [] (the “**Fixed Rate End Date**”)]
- (i) Rate(s) of Interest: [] per cent. per annum [payable [annually/semi-annually/quarterly/monthly] in arrear]
- (ii) Interest Payment Date(s): [] in each year from (and including) [], up to (and including) [] [(subject, in each case, to adjustment in accordance with paragraph 15(vii))]
- (iii) Fixed Coupon Amount(s): [] per Calculation Amount
- (iv) Broken Amount(s): [[] per Calculation Amount payable on the Interest Payment Date falling [in/on] []]/[Not Applicable]
- (v) Day Count Fraction: [“Actual/Actual”/ “Actual/Actual – ISDA”/ “Actual/365 (Fixed)”/ “Actual/365 (Sterling)”/ “Actual/360”/ “30/360”/ “360/360”/ “Bond Basis”/ “30E/360”/ “Eurobond Basis”/ “30E/360 (ISDA)”/ “Actual/Actual – ICMA”/ “RBA Bond Basis”/ “Australian Bond Basis”]
- (vi) Determination Dates: [[] in each year/Not Applicable]
- (vii) Business Day Convention: [Floating Rate Business Day Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/Not Applicable]
- 15 **Fixed Rate Reset Note Provisions:** [Applicable/Not Applicable]
- (i) Initial Rate of Interest: [] per cent. per annum [payable [annually/semi-annually/quarterly/monthly] in arrear] up to (and including) [the First Reset Note Reset Date]
- (ii) Reset Margin: [+/-][] per cent. per annum
- (iii) Interest Payment Date(s): [] in each year from (and including) [] up to (and including) []
- (iv) Fixed Coupon Amount(s) in respect of the period from (and including) the Interest Commencement Date up to (but excluding) the First Reset Note Reset Date: [] per Calculation Amount
- (v) Broken Amount(s): [[] per Calculation Amount payable on the Interest Payment Date falling [in/on] [] / Not Applicable]
- (vi) First Reset Note Reset Date: []

	(vii)	Anniversary Date(s):	[] [and each corresponding day and month falling [] years thereafter]
	(viii)	Reset Determination Dates:	[]
	(ix)	Reset Rate:	[[semi-annual][annualised]Mid-Swap Rate] / [Benchmark Gilt Rate]/[CMT Rate]
	(x)	First Reset Period Fallback:	[]
	(xi)	Benchmark Gilt(s):	[]/[]/[Not Applicable]
	(xii)	Benchmark Frequency:	[]
	(xiii)	CMT Designated Maturity:	[]
	(xiv)	CMT Rate Screen Page:	[]
	(xv)	Swap Rate Period:	[[]/Not Applicable]
	(xvi)	Screen Page:	["ICESWAP1"] / ["ICESWAP 2"] / ["ICESWAP3"] / ["ICESWAP4"] / ["ICESWAP 5"] / ["ICESWAP6"] / [] / [Not Applicable]
	(xvii)	Fixed Leg:	[[semi-annual]/[annual] calculated on a[n Actual/365]/[30/360]/[] day count basis]/[Not Applicable]
	(xviii)	Floating Leg:	[[3]/[6]/[]-month [EURIBOR]/[BBSW Rate]/[] rate calculated on an [Actual/365]/[Actual/360]/[] day count basis]/[RBA Bond Basis]/[Not Applicable]
	(xix)	Day Count Fraction:	["Actual/Actual"/"Actual/Actual- ISDA"/ "Actual/365 (Fixed)"/ "Actual/365 (Sterling)"/ "Actual 360"/ "30/360"/ "360/360"/ "Bond Basis"/ "30E/360"/ "Eurobond Basis"/ "30E/360 (ISDA)"/ "Actual/Actual – ICMA"/ "RBA Bond Basis"/ "Australian Bond Basis"]
	(xx)	Determination Dates:	[[] in each year/Not Applicable]
16		Floating Rate Note and Fixed to Floating Rate Note Provisions:	[Applicable/Not Applicable/Applicable for the period from (and including) the Fixed Rate End Date to (but excluding) []]
	(i)	Interest Period(s):	[]
	(ii)	Interest Payment Dates:	[] from (and including) [] up to (and including) [] [(subject, in each case, to adjustment in accordance with the Business Day Convention set out at paragraph 16(iv) below)]
	(iii)	Interest Period Date:	[Not Applicable]/[] in each year [(subject, in each case, to adjustment in accordance with the Business Day Convention set out at paragraph 16(iv) below)]
	(iv)	Business Day Convention:	[Floating Rate Business Day Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/Not Applicable]
	(v)	Additional Business Centre(s):	[]

- | | | |
|-----------|------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| (vi) | Manner in which the Rate(s) of Interest is/are to be determined: | [Screen Rate Determination/ISDA Determination/BBSW Determination] |
| (vii) | Party responsible for calculating the Rate(s) of Interest and Interest Amount(s) (if not the Calculation Agent): | [] |
| (viii) | Screen Rate Determination: | [Offered quotation/Arithmetic mean of offered quotations] |
| | Reference Rate: | []-month [EURIBOR]/[BBSW] |
| | Interest Determination Date(s): | [] |
| | Relevant Screen Page: | [] |
| (ix) | ISDA Determination: | |
| | – Floating Rate Option: | [] |
| | – Designated Maturity: | [] |
| | – Reset Date: | [] |
| (x) | BBSW Determination: | |
| | – BBSW Rate: | [] month/[Not Applicable] |
| (xi) | Linear Interpolation: | [Not Applicable/Applicable – the Rate of Interest for the [long/short][first/last] Interest Period shall be calculated using Linear Interpolation (<i>specify for each short or long interest period</i>)] |
| (xii) | Margin(s): | [+/-][] per cent. per annum |
| (xiii) | Minimum Rate of Interest: | [] per cent. per annum |
| (xiv) | Maximum Rate of Interest: | [] per cent. per annum |
| (xv) | Day Count Fraction: | ["Actual/Actual" / "Actual/Actual – ISDA" / "Actual/365 (Fixed)" / "Actual/365 (Sterling)" / "Actual 360" / "30/360" / "360/360" / "Bond Basis" / "30E/360" / "Eurobond Basis" / "30E/360 (ISDA)" / "Actual/Actual – ICMA" / "RBA Bond Basis" / "Australian Bond Basis"] |
| 17 | Optional Interest Payment Date: | [Applicable/Not Applicable] |
| | (i) Deferral in whole only or in part: | [Deferral in whole only][Deferral in whole or in part, at the option of the Issuer] |

PROVISIONS RELATING TO REDEMPTION

- | | | |
|-----------|--------------------------------------------------|-----------------------------|
| 18 | Issuer Call Option: | [Applicable/Not Applicable] |
| | (i) Optional Redemption Date(s): | [] |
| | (ii) Optional Redemption Amount(s) of each Note: | [] per Calculation Amount |
| | (iii) Redeemable in part: | [Applicable/Not Applicable] |
| | (a) Minimum Redemption Amount: | [] per Calculation Amount |

	(b) Maximum Redemption Amount:	[] per Calculation Amount
	(iv) Notice periods:	Minimum Period: [] days Maximum Period: [] days
19	Ratings Methodology Call:	[Applicable/Not Applicable]
	(i) Special Redemption Price:	[] per Calculation Amount
	(ii) Notice periods:	Minimum Period: [] days Maximum Period: [] days
	(iii) Last date for giving notice:	[]
20	Issuer Clean-up Call:	[Applicable/Not Applicable]
	(i) Clean-up Redemption Price:	[] per Calculation Amount
	(ii) Notice periods:	Minimum Period: [] days Maximum Period: [] days
21	Tax Event redemption:	
	(i) Special Redemption Price:	[] per Calculation Amount
	(ii) Notice periods:	Minimum Period: [] days Maximum Period: [] days
22	Capital Disqualification Event redemption:	
	(i) Special Redemption Price:	[] per Calculation Amount
	(ii) Notice periods:	Minimum Period: [] days Maximum Period: [] days
23	Final Redemption Amount of each Note:	[[] per Calculation Amount]
24	Substitution or Variation:	[Applicable/Not Applicable]
	(i) Notice periods:	Minimum Period: [] days Maximum Period: [] days

GENERAL PROVISIONS APPLICABLE TO THE NOTES

25	Form of Notes:	[Bearer Notes: [Temporary Global Note exchangeable for a permanent Global Note which is exchangeable for Definitive Notes in the limited circumstances specified in the permanent Global Note] [Temporary Global Note exchangeable for Definitive Notes on [] days' notice] [Permanent Global Note exchangeable for Definitive Notes in the limited circumstances specified in the Permanent Global Note]] [Registered Notes:
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		[Global Certificate registered in the name of a nominee for [a common depository for Euroclear and Clearstream, Luxembourg]
26	New Global Note held under New Safekeeping Structure:	No
27	Additional Financial Centre(s) or other special provisions relating to Payment Dates:	[Not Applicable/[]]
28	Talons for future Coupons to be attached to Definitive Notes:	[Yes - as the Notes have more than 27 coupon payments, talons may be required if, on exchange into definitive form, more than 27 coupon payments are still to be made.]/[No]

Signed on behalf of the Issuer:

By:

Duly authorised

PART B — OTHER INFORMATION

- 1 **LISTING** [Application [has been made/is expected to be made] by the Issuer (or on its behalf) for the Notes to be admitted to the Official List of Euronext Dublin and trading on the Global Exchange Market with effect from [].] [Not Applicable]
- 2 **RATINGS**
Ratings: The Notes to be issued [[have been]/[are expected to be]] rated:
 [Fitch: []]
 [Moody's: []]
- 3 **[INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE [ISSUE/OFFER]**
[]/[“Save as discussed in “*Subscription and Sale*” in the Information Memorandum, so far as the Issuer is aware, no person involved in the offer of the Notes has an interest material to the offer.”]
- 4 **[Fixed Rate Notes only - YIELD**
Indication of yield: [] (on [an annual]/[a semi-annual] basis)
 The yield is calculated at the Issue Date on the basis of the Issue Price. It is not an indication of future yield.]
- 5 **OPERATIONAL INFORMATION**
ISIN Code: []
Common Code: []
Any clearing system(s) other than Euroclear Bank SA/NV and Clearstream Banking SA and the relevant identification number(s): [Not Applicable/[]]
Delivery: Delivery [against/free of] payment
Names and addresses of additional Paying Agent(s) (if any): []
Intended to be held in a manner which would allow Eurosystem eligibility: No.
- 6 **DISTRIBUTION**
U.S. selling restrictions: [Reg. S Compliance Category 2; TEFRA C/TEFRA D/TEFRA Not Applicable]
Additional selling restrictions: [Not Applicable/[]]
Method of distribution: [Syndicated/Non-syndicated]
Names of relevant Dealer(s)/Manager(s): []
Stabilisation Manager(s) (if any): [Not Applicable/[]]

GENERAL INFORMATION

General

1. It is expected that each Tranche of Notes which is to be admitted to listing on the Official List of Euronext Dublin and to trading on the GEM will be admitted separately as and when issued, subject only to the issue of a Global Note or Global Certificate initially representing the Notes of such Tranche. The acceptance of the Programme on the Official List of Euronext Dublin in respect of Notes issued under the Programme for a period of 12 months from the date of this Information Memorandum is expected to be granted on or around 5 May 2023. Transactions will normally be effected for delivery on the second working day after the day of the transaction.
2. The Issuer has obtained all necessary consents, approvals and authorisations in the United Kingdom in connection with the establishment of the Programme. The establishment of the Programme was authorised by resolutions of the Board of Directors of the Issuer passed on 13 April 2022. The update of the Programme was authorised by resolutions of the Board of Directors of the Issuer passed on 21 April 2023.
3. The Notes have been accepted for clearance through the Euroclear and Clearstream, Luxembourg systems (which are the entities in charge of keeping the records). The Common Code, the International Securities Identification Number and (where applicable) the identification number for any other relevant clearing system for each Series of Notes will be set out in the applicable Pricing Supplement.
4. The address of Euroclear is 1 Boulevard du Roi Albert II, B-1210 Brussels, Belgium and the address of Clearstream, Luxembourg is 42 Avenue JF Kennedy L-1855 Luxembourg. The address of any alternative clearing system will be specified in the applicable Pricing Supplement.
5. The legal entity identifier of the Issuer is MFQO711J5UPYBWXSPG12.
6. There are no material contracts entered into other than in the ordinary course of the Issuer's business which could result in the Issuer being under an obligation or entitlement that is material to the Issuer's ability to meet its obligations to Noteholders in respect of any series of Notes.
7. The Issuer was incorporated as Hackremco (No. 2460) Limited on 26 February 2007. It was renamed as First Premium Company Limited on 14 March 2007 and Rothesay Life Limited on 14 May 2007. It was re-registered as Rothesay Life Plc on 24 March 2016.
8. The issue price and the amount of the relevant Notes will be determined, before filing of the relevant Pricing Supplement of each Tranche, based on then prevailing market conditions. Unless otherwise stated in the relevant Pricing Supplement, the Issuer does not intend to provide any post-issuance information in relation to any issues of Notes.
9. Arthur Cox Listing Services Limited is acting solely in its capacity as listing agent for the Issuer in connection with the Notes and is not itself seeking admission of the Notes to the Official List of Euronext Dublin or to trading on the GEM.

No Significant Change and No Material Adverse Change

10. Since 31 December 2022, there has been no significant change in the financial or trading position of the Issuer and its subsidiaries.

11. Since 31 December 2022, there has been no material adverse change in the prospects of the Issuer and its subsidiaries.

Documents available for Inspection

12. For so long as Notes are listed on Euronext Dublin's Official List and admitted to trading on its Global Exchange Market, electronic copies of the following documents will be available, during usual business hours on any weekday (Saturdays and public holidays excepted), for inspection at the registered office of the Issuer:
 - (i) the Agency Agreement and Trust Deed (which includes the form of the Global Notes, the Global Certificates, the definitive Bearer Notes, the definitive Certificates, the Coupons and the Talons), in each case together with the supplements thereto;
 - (ii) the Memorandum and Articles of Association of the Issuer;
 - (iii) the Rothesay Limited 2022 Annual Report and the Rothesay Limited 2021 Annual Report;
 - (iv) the Issuer 2022 Annual Report and the Issuer 2021 Annual Report;
 - (v) the Solvency and Financial Condition Report 2022 for the year ended 31 December 2022;
 - (vi) a copy of this Information Memorandum together with any Supplement to this Information Memorandum or further Information Memorandum and any documents incorporated by reference into this Information Memorandum (as set out in "*Documents Incorporated by Reference*") or any Supplement to this Information Memorandum; and
 - (vii) all reports, letters, and other documents, valuations and statements prepared by any expert at the Issuer's request, any part of which is included or referred to in this Information Memorandum.
13. This Information Memorandum will also be available on the website of Euronext Dublin at <https://www.euronext.com/en/markets/dublin>.

Independent Auditor

14. PwC, Registered Auditors with the Institute of Chartered Accountants in England and Wales, have audited and rendered an unqualified audit report on the financial statements of the Issuer and the Group for the years ended 31 December 2022 and 31 December 2021. PwC has no material interest in the Issuer or the Group.
15. The audit report in respect of the Issuer for the financial years ended 2021 and 2022 stated that the report, including the opinions, was prepared for and only for the Issuer's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose and that the auditors do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom the report is shown or into whose hands the report may come save where expressly agreed with the auditor's prior consent in writing.

Litigation

16. There are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer is aware), during the 12 month period preceding the date of this Information Memorandum which may have, or have had in the recent past, significant effects on the financial position or profitability of the Issuer.

Dealers transacting with the Issuer

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

PRINCIPAL OFFICE OF THE ISSUER

Rothesay Life Plc
The Post Building
100 Museum Street
London WC1A 1PB
United Kingdom

ARRANGER

NatWest Markets Plc
250 Bishopsgate
London EC2M 4AA
United Kingdom

DEALERS

ABN AMRO Bank N.V.
Gustav Mahlerlaan 10
1082 PP Amsterdam
The Netherlands

Barclays Bank PLC
1 Churchill Place
London E14 5HP
United Kingdom

BNP Paribas
16, boulevard des Italiens
75009 Paris
France

HSBC Bank plc
8 Canada Square
London E14 5HQ
United Kingdom

Lloyds Bank Corporate Markets plc
10 Gresham Street
London EC2V 7AE
United Kingdom

Merrill Lynch International
2 King Edward Street
London EC1A 1HQ
United Kingdom

Morgan Stanley & Co. International plc
25 Cabot Square
Canary Wharf
London E14 4QA
United Kingdom

NatWest Markets Plc
250 Bishopsgate
London EC2M 4AA
United Kingdom

TRUSTEE

Citicorp Trustee Company Limited
Canada Square
London E14 5LB
United Kingdom

**ISSUING AND PAYING AGENT, PAYING AGENT,
CALCULATION AGENT AND TRANSFER AGENT**

Citibank, N.A., London Branch
Canada Square
London E14 5LB
United Kingdom

REGISTRAR

Citibank Europe plc
1 North Wall Quay

Dublin 1
Ireland

INDEPENDENT AUDITOR OF THE ISSUER

PricewaterhouseCoopers LLP

7 More London Riverside
London SE1 2RT
United Kingdom

LEGAL ADVISERS

To the Issuer

Linklaters LLP
One Silk Street
London EC2Y 8HQ
United Kingdom

To the Arranger and Dealers

Allen & Overy LLP
One Bishops Square
London E1 6AD
United Kingdom

To the Trustee

Allen & Overy LLP
One Bishops Square
London E1 6AD
United Kingdom

LISTING AGENT

Arthur Cox Listing Services Limited

Ten Earlsfort Terrace
Dublin 2
Ireland

Rothsay