



INVESTEC BANK plc

(incorporated with limited liability in England and Wales with registered number 489604)

£6,000,000,000

Euro Medium Term Note Programme

Under the Euro Medium Term Note Programme described in this Base Prospectus (the "**Programme**"), Investec Bank plc (the "**Issuer**"), subject to compliance with all relevant laws, regulations and directives, may from time to time issue Euro Medium Term Notes (the "**Notes**"). The aggregate nominal amount of Notes outstanding will not at any time exceed £6,000,000,000 (or the equivalent in other currencies at the date of issue).

This Base Prospectus has been approved by the United Kingdom Financial Conduct Authority (the "**FCA**"), which is the United Kingdom competent authority for the purposes of Directive 2003/71/EC amended by Directive 2008/1/EC, Directive 2010/73/EU and Directive 2010/78/EU (the "**Prospectus Directive**") and relevant implementing measures in the United Kingdom, as a base prospectus issued in compliance with the Prospectus Directive and relevant implementing measures in the United Kingdom for the purpose of giving information with regard to Notes issued under the Programme during the period of twelve months after the date hereof.

An investment in Notes issued under the Programme involves certain risks. For a discussion of these, see "*Risk Factors*" below.

The Issuer has been assigned the following long-term credit ratings: BBB- by Fitch Ratings Limited ("**Fitch**"), Baa3 by Moody's Investors Service Limited ("**Moody's**") and BBB+ by Global Credit Rating Co. ("**Global Credit Rating**"). Each of Fitch and Moody's is a credit rating agency established and operating in the European Union ("**EU**") and registered in accordance with Regulation (EU) No 1060/2009, as amended (the "**CRA Regulation**"). Global Credit Rating is not established in the EU and is not certified under the CRA Regulation and its ratings are not endorsed by a credit rating agency established in the EU and registered under the CRA Regulation.

The distribution of this Base Prospectus and the offering or sale of the Notes in certain jurisdictions may be restricted by law. The Notes have not been and will not be registered under the United States Securities Act of 1933, as amended (the "**Securities Act**"), or with any securities regulatory authority of any state or other jurisdiction of the United States, and the Notes may include Notes in bearer form for U.S. tax purposes 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 that are in bearer form for U.S. tax purposes, delivered within the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S under the Securities Act ("**Regulation S**"). However, the Notes are being offered and sold outside the United States to non U.S. persons in reliance on Regulation S.

Arranger and Dealer

Investec Bank plc

Dated 31 July 2013

IMPORTANT NOTICES

This Base Prospectus comprises a base prospectus for the purposes of Article 5.4 of the Prospectus Directive.

Responsibility for information in the Base Prospectus

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

None of the Dealer, the Agents or the Trustee has independently verified the information contained herein. Accordingly, no representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by the Dealer, the Agents or the Trustee as to the accuracy or completeness of the information contained or incorporated in this Base Prospectus or any other information provided by the Issuer in connection with the Programme. None of the Dealer, the Agents or the Trustee accept any liability in relation to the information contained or incorporated by reference in this Base Prospectus or any other information provided by the Issuer in connection with the Programme.

No person is or has been authorised by the Issuer, the Dealer, the Agents or the Trustee to give any information or to make any representation not contained in or not consistent with this Base Prospectus or any other information supplied in connection with the Programme or the Notes and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer, the Dealer, the Agents or the Trustee.

Risk warnings relating to the Base Prospectus

Neither this Base Prospectus nor any other information supplied in connection with the Programme or any Notes should be considered as a recommendation by the Issuer or the Dealer, the Agents or the Trustee that any recipient of this Base Prospectus or any other information supplied in connection with the Programme or any Notes should purchase any Notes. Each person (an "investor") contemplating purchasing any Notes should make its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness, of the Issuer. Neither this Base Prospectus nor any other information supplied in connection with the Programme or the issue of any Notes constitutes an offer or invitation by or on behalf of the Issuer, the Dealer, the Agents or the Trustee to any person to subscribe for or to purchase any Notes.

Neither the delivery of this Base Prospectus nor the offering, sale or delivery of any Notes shall in any circumstances imply that the information contained herein concerning the Issuer is correct at any time subsequent to the date hereof or that any other information supplied in connection with the Programme is correct as of any time subsequent to the date indicated in the document containing the same. The Dealer, the Agents and the Trustee expressly do not undertake to review the financial condition or affairs of the Issuer during the life of the Programme or to advise any investor in the Notes of any information coming to their attention. Prospective investors should review, *inter alia*, the most recently published documents incorporated by reference into this Base Prospectus when deciding whether or not to purchase any Notes.

This Base Prospectus does not constitute an offer to sell or the solicitation of an offer to buy any Notes in any jurisdiction to any person to whom it is unlawful to make the offer or solicitation in such jurisdiction. The distribution of this Base Prospectus and the offer or sale of Notes may be restricted by law in certain jurisdictions. The Issuer, the Dealer, the Agents and the Trustee do not represent that this Base Prospectus may be lawfully distributed, or that any Notes may be lawfully offered, in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder, or assume any responsibility for facilitating any such distribution or offering. In particular, no action has been taken by the Issuer, the Dealer, the Agents or the Trustee which is intended to permit a public offering of any Notes or distribution of this Base Prospectus in a jurisdiction where action for that purpose is required. Accordingly, no Notes may be offered or sold, directly or indirectly, and neither this Base Prospectus nor any advertisement or other offering material may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with any applicable laws and regulations. Persons into whose possession this Base Prospectus or any Notes may come must

inform themselves about, and observe, any restrictions on the distribution of this Base Prospectus and the offering and sale of Notes. In particular, there are restrictions on the distribution of this Base Prospectus and the offer or sale of Notes in the United States, the European Union (including the United Kingdom), Switzerland, the Channel Islands, the Isle of Man and South Africa (see "*Subscription and Sale*").

Interpretation

All references herein to "Sterling" and "£" are to the lawful currency of the United Kingdom, all references herein to "euro" and "€" are to the single currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty establishing the European Community, as amended from time to time by the Treaty on European Union and all references herein to "U.S.\$" and "U.S. dollars" are to United States dollars.

Other than as expressly defined in any other section of this Base Prospectus, terms defined in the Conditions, and the "*Summary of Provisions Relating to the Notes while in Global Form*" have the same meanings in all other sections of this Base Prospectus.

This Base Prospectus may only be used for the purposes for which it has been published.

CONTENTS

	Page
RISK FACTORS	1
OVERVIEW	9
DOCUMENTS INCORPORATED BY REFERENCE	14
TERMS AND CONDITIONS OF THE NOTES	15
FORM OF FINAL TERMS.....	47
SUMMARY OF PROVISIONS RELATING TO THE NOTES WHILE IN GLOBAL FORM	54
USE OF PROCEEDS	60
TAXATION	61
SUBSCRIPTION AND SALE	65
GENERAL INFORMATION	67
INDEX OF DEFINED TERMS	69

RISK FACTORS

Prospective investors in the Notes should read the entire Base Prospectus, including all documents incorporated by reference herein, and the Final Terms.

Factors which are material for the purpose of assessing the market risks associated with Notes issued under the Programme are described below. The value of the Notes could decline due to any of these risks, and investors may lose some or all of their investment.

The Issuer believes that the factors described below and the "Risk Factors" section on pages 4 to 16 of the Registration Document dated 11 June 2013 represent the principal risks inherent in investing in Notes issued under the Programme, but the inability of the Issuer to pay interest, principal or other amounts on or in connection with any Notes may occur for other reasons, which may not be considered significant risks by the Issuer based on information currently available to it or which it may not currently be able to anticipate. Prospective investors should also read the detailed information set out elsewhere in this Base Prospectus (including the documents incorporated by reference) and reach their own views prior to making any investment decision.

1. **Risk Factors in Registration Document**

Risks relating to the Issuer's ability to fulfil its obligations with respect to the Notes can be found on pages 4 to 16 of the registration document dated 11 June 2013 (the "**Registration Document**") in the section headed "Risk Factors" which has been incorporated by reference on page 14 of this Base Prospectus. In particular, investors should be aware that payments and return of initial investment in relation to the Notes will, together with the factors outlined below, depend on the solvency of the Issuer.

2. **Risks related to the structure of the Notes**

(a) ***Interest rate risks***

Investment in Fixed Rate Notes involves the risk that subsequent changes in market interest rates may adversely affect the value of the Fixed Rate Notes.

(b) ***Notes issued at a substantial discount or premium***

The market values of securities issued at a substantial discount or premium from their principal amount tend to fluctuate more in relation to general changes in interest rates than do prices for conventional interest bearing securities. Generally, **the longer the remaining term of the securities, the greater the price volatility as compared to conventional interest-bearing securities with comparable maturities.**

(c) ***Discretion of Calculation Agent***

If a Calculation Agent is appointed in respect of a Series of Notes, the Calculation Agent will have the sole discretion to determine (i) in respect of Floating Rate Notes, the rate of interest (ii) whether a Hedging Event has occurred in respect of the Notes and (iii) if specified as the early redemption amount in respect of the Notes, the Fair Market Value of the Notes..

Accordingly, if the Calculation Agent fails to perform (if required) any of its duties or commits any errors or omissions when carrying out any such duties, **the return on the Notes may be adversely affected and may be less than it might otherwise have been.**

Prospective purchasers should be aware that any determination made by the Calculation Agent may have an impact on the value of the Notes. Any such discretion exercised by, or any calculation made by, the Calculation Agent shall, in the absence of manifest error, be binding on the Issuer, the Trustee and the holders of the relevant Notes.

The Issuer may be the Calculation Agent responsible for making determinations and calculations in connection with the Notes. Accordingly, certain conflicts of interest may arise between the interests of the Issuer and the interests of holders of Notes.

(d) ***The Issuer's obligations under Subordinated Notes are subordinated***

The payment obligations of the Issuer under Dated Subordinated Notes and Undated Subordinated Notes will rank behind Senior Notes. Dated Subordinated Notes and Undated Subordinated Notes constitute unsecured and, in accordance with the paragraphs below, subordinated obligations of the Issuer which rank *pari passu* without any preference among themselves.

The Issuer is entitled to defer the due date for payment of any principal or interest in respect of the Dated Subordinated Notes to which Condition 3(c) (*Dated Subordinated Notes: Deferral of Payments*) is applicable (Upper Tier 3 Capital, as specified in the relevant Final Terms) if the FCA has required or requested the Issuer to defer payment of the relevant payment of such principal and/or interest, and shall defer such due date in circumstances where its Capital Resources would be less than its Capital Resources Requirement after payment of any such principal or interest in whole or in part. See Conditions 3(b) (*Status and Subordination of Subordinated Notes*) and 3(c) (*Dated Subordinated Notes: Deferral of Payments*) of the Terms and Conditions of the Notes for a full description of subordination and the payment obligations of the Issuer under Dated Subordinated Notes.

In relation to Undated Subordinated Notes only, the Issuer may elect, subject as provided in Condition 5(k) (*Deferral of Interest on Undated Subordinated Notes*) of the Terms and Conditions of the Notes, to defer any payment of interest which is otherwise scheduled to be paid on an Interest Date by giving notice of such election to the Noteholders, the Trustee and the Issuing and Paying Agent not more than 30 nor less than 20 Business Days prior to the relevant Interest Date. In addition, payments of principal and interest in respect of the Undated Subordinated Notes are conditional upon the Issuer being solvent. No such principal or interest will be payable in respect of Undated Subordinated Notes except to the extent that the Issuer could make such payment in whole or in part and still be solvent immediately thereafter. See Condition 3(b) (*Status and Subordination of Subordinated Notes*) and Condition 5(k) (*Deferral of Interest on Undated Subordinated Notes*) of the Terms and Conditions of the Notes for a full description of subordination and the payment obligations of the Issuer under the Subordinated Notes.

Any deferral of interest payments under the Dated Subordinated Notes and suspension of payments under the Undated Subordinated Notes will likely have an adverse effect on the market price of the Dated Subordinated Notes and of the Undated Subordinated Notes. In addition, as a result of the interest deferral provision of the Dated Subordinated Notes and conditional payment provisions of the Undated Subordinated Notes, the market price of the Dated Subordinated Notes and Undated Subordinated Notes may be more volatile than the market prices of other debt securities on which original issue discount or interest accrues that are not subject to such deferrals and may be more sensitive generally to adverse changes in the Issuer's financial condition.

3. **Risks related to the Early Redemption of the Notes**

(a) ***Risk of early redemption***

Notes may be mandatorily redeemed prior to their scheduled maturity date for a number of reasons, such as taxation events, or following an Event of Default or certain other early redemption events.

Early redemption may result in Noteholders receiving a lower return on investment and in some circumstances may result in a loss of part or all of their investment.

Prospective investors should consider reinvestment risk in light of other investments available at that time.

If the applicable Final Terms specifies that the early redemption amount or optional early redemption amount of each Note will be the fair market value of that Note, then such early redemption amount shall be such Note's *pro rata* share of an amount determined in good faith and in a commercially reasonable manner by the Calculation Agent to be the fair market value of the Notes immediately prior to (and ignoring the circumstances leading to) such early redemption with reference to then existing market factors as the Calculation Agent considers appropriate, adjusted to account fully for any reasonable expenses and costs of the Issuer of unwinding, liquidating, obtaining or re-establishing any underlying and/or related hedging, trading positions and funding arrangements. **Such fair market value may be less than the amount originally invested by the investor.**

(b) ***Notes subject to optional early redemption***

An optional early redemption feature in favour of the Issuer of Notes (call option) is likely to limit their market value. During any period when the Issuer may elect to redeem Notes, the market value of those Notes generally will not rise substantially above the price at which they can be redeemed. This also may be true prior to any redemption period. Noteholders should note that a call option creates uncertainty for investors, as to whether the Notes will remain outstanding until maturity.

If the applicable Final Terms specifies that an Issuer Call Option is applicable then, upon exercise of such option, the relevant Notes will be redeemed at their Optional Redemption Amount which may be at par (plus any accrued interest) or at their fair market value or another amount, as specified in the applicable Final Terms.

The Issuer may be expected to exercise its call option and redeem Notes when its cost of borrowing is lower than the interest rate on the Notes. 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 rate on the Notes being redeemed and may only be able to do so at a significantly lower rate. Prospective investors should consider reinvestment risk in light of other investments available at that time.

4. **Risks related to Legal Framework of Notes**

(a) ***Modification, waivers and substitution***

The conditions of the Notes contain provisions for calling meetings to consider matters generally affecting the interests of Noteholders. Defined majorities are capable of binding all Noteholders with respect to matters considered at such meetings, including Noteholders who did not attend or vote at the relevant meeting and Noteholders who voted in a manner contrary to the majority.

The conditions of the Notes also provide that the Trustee may, without the consent of Noteholders, agree to (i) any modification of any of the provisions of the Trust Deed or the Conditions that is of a formal, minor or technical nature or is made to correct a manifest error, 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 the provisions of the Trust Deed or the Conditions that is in the opinion of the Trustee not materially prejudicial to the interests of the Noteholders or (iii) the substitution of a company other than the Issuer as principal debtor under any Notes provided that such change would not in the opinion of the Trustee be materially prejudicial to the interests of the Noteholders.

Accordingly, Noteholders are exposed to the risk that their rights in respect of the Notes are varied against their will, which may result in an investment in any Notes

becoming less advantageous to a particular Noteholder depending on individual circumstances.

- (b) ***In certain circumstances a portion of payments made on or with respect to Notes may be subject to U.S. reporting obligations which, if not satisfied, may require U.S. tax to be withheld***

Whilst the Notes are in global form and held within Euroclear Bank S.A./N.V. or Clearstream Banking, société anonyme (together, the "ICSDs"), in all but the most remote circumstances, it is not expected that Sections 1471 through 1474 of the U.S. Internal Revenue Code (commonly referred to as "FATCA") will affect the amount of any payment received by the ICSDs.

However, FATCA may affect payments made to custodians or intermediaries in the subsequent payment chain leading to the ultimate investor if any such custodian or intermediary generally is unable to receive payments free of FATCA withholding.

It also may affect payment to any ultimate investor that is a financial institution that is not entitled to receive payments free of withholding under FATCA, or an ultimate investor that fails to provide its broker (or other custodian or intermediary from which it receives payment) with any information, forms, other documentation or consents that may be necessary for the payments to be made free of FATCA withholding.

Investors should choose the custodians or intermediaries with care (to ensure each is compliant with FATCA or other laws or agreements related to FATCA), and provide each custodian or intermediary with any information, forms, other documentation or consents that may be necessary for such custodian or intermediary to make a payment free of FATCA withholding.

Investors should consult their own tax adviser to obtain a more detailed explanation of FATCA and how FATCA may affect them.

The Issuer's obligations under the Notes are discharged once it has paid the common depository or common safekeeper for the ICSDs (as bearer or registered holder (as applicable) of the Notes) and the Issuer therefore has no responsibility for any amount thereafter transmitted through hands of the ICSDs and custodians or intermediaries.

- (c) ***EU Savings Directive***

Under EC Council Directive 2003/48/EC on the taxation of savings income (the "**Directive**"), each member state of the European Union (a "**Member State**") is required to provide to the tax authorities of another Member State details of payments of interest or other similar income paid by a person within its jurisdiction to, or collected by such a person for, an individual resident or certain limited types of entity established in that other Member State; however, for a transitional period, Austria and Luxembourg may instead apply a withholding system in relation to such payments, deducting tax at a rate of 35 per cent. The transitional period is to terminate at the end of the first full fiscal year following agreement by certain non-EU countries to the exchange of information relating to such payments. Luxembourg has announced that it will no longer apply the withholding tax system as from 1 January 2015 and will provide details of payments of interest (or similar income) as from this date.

A number of non-EU countries and certain dependent or associated territories of certain Member States have adopted similar measures (either provision of information or transitional withholding) in relation to payments made by a person within its jurisdiction to, or collected by such a person for, an individual resident or certain limited types of entity established in a Member State. In addition, the Member States have entered into provision of information or transitional withholding arrangements with certain of those dependent or associated territories in relation to payments made by a person in a Member State to, or collected by such a person for, an individual resident or certain limited types of entity established in one of those territories.

The European Commission has proposed certain amendments to the Directive, which may, if implemented, amend or broaden the scope of the requirements described above. Investors who are in any doubt as to their position should consult their professional advisers.

Accordingly, certain investors may receive a lower return than would be received on an investment where no withholding tax is payable.

(d) *Notes where denominations involve integral multiples: definitive Notes*

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 smaller amount, it is possible that such Notes may be traded in amounts that are not integral multiples of such minimum Specified Denomination. In such a case 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 its holding amounts to a Specified Denomination.

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.

(e) *Change of law*

The conditions of the Notes are based on English law in effect as at the date of this Base Prospectus. No assurance can be given as to the impact of any possible judicial decision or change to English law or administrative practice after the date of this Base Prospectus.

Accordingly, Noteholders are exposed to the risk that their rights in respect of the Notes may be varied, which may result in an investment in any Notes becoming less advantageous.

(f) *EU Crisis Management Directive*

The European Commission has published proposals for a crisis management directive which is intended to enable a range of actions to be taken by relevant regulatory authorities in relation to credit institutions and investment firms which are considered to be at risk of failing. The full scope of the directive and its impact on the Issuer is currently unclear but the implementation of the directive or the taking of any action under it could materially affect the value of any Notes.

On 6 June 2012, the European Commission published a draft legislative proposal for a directive providing for the establishment of an EU-wide framework for the recovery and resolution of credit institutions and investment firms (the "**Crisis Management Directive**" or "**CMD**"). The stated aim of the draft CMD is to provide resolution authorities with common tools and powers to address banking crises pre-emptively in order to safeguard financial stability and minimise taxpayers' contributions to bank bail-outs and/or exposure to losses. The powers provided to authorities in the draft CMD are divided into three categories: (i) preparatory steps and plans to minimise the risks of potential problems (preparation and prevention); (ii) in the event of incipient problems, powers to arrest a firm's deteriorating situation at an early stage so as to avoid insolvency (early intervention); and (iii) if insolvency of a firm presents a concern as regards the general public interest, a clear means to reorganise or wind down the firm in an orderly fashion while preserving its critical functions and limiting to the maximum extent any exposure of taxpayers to losses.

The draft CMD currently contains four resolution tools and powers:

- (i) *sale of business* – enables resolution authorities to direct the sale of the firm or the whole or part of its business on commercial terms without requiring the

consent of the shareholders or complying with the procedural requirements that would otherwise apply;

- (ii) *bridge institution* – enables resolution authorities to transfer of all or part of the business of the firm to a "bridge bank" (a public controlled entity);
- (iii) *asset separation* – enables resolution authorities to transfer impaired or problem assets to an asset management vehicle to allow them to be managed and worked out over time; and
- (iv) *bail-in* – gives resolution authorities the power to write-down the claims of unsecured creditors of a failing institution and to convert debt claims to equity (subject to certain parameters as to which liabilities would be eligible for the bail-in tool).

The draft CMD currently contemplates that it will be implemented in Member States with effect from 1 January 2015, except for the bail-in tool, which is contemplated to be implemented by 1 January 2018.

The powers currently set out in the draft CMD would impact how credit institutions and investment firms are managed as well as, in certain circumstances, the rights of creditors. However, the proposed directive is not in final form and changes may be made to it in the course of the legislative process. In addition, many of the proposals contained in the draft CMD have already been implemented in the Banking Act 2009 and it is currently unclear to what extent, if any, the provisions of the Banking Act 2009 may need to change once the draft CMD is implemented.

Accordingly, it is not yet possible to assess the full impact of the draft CMD on the Issuer. Once it is implemented, its implementation or the taking of any actions currently contemplated by it may adversely affect the rights of Noteholders, the price or value of their investment in the Notes and/or the ability of the Issuer to satisfy its obligations under the Notes.

(g) ***The expected implementation of a bail-in tool under the CMD as of 1 January 2018 could affect senior Notes issued by the Issuer under the Programme***

A bail-in tool (which comprises a general power for resolution authorities to write-down the claims of certain unsecured creditors (which may include holders of Notes which are not Subordinated Notes or Undated Subordinated Notes) of a failing institution or to convert such debt claims to equity, which may itself be subject to write-down) is expected to be implemented under the CMD as of 1 January 2018. The bail-in tool can be used to recapitalise an institution that is failing or about to fail, allowing authorities to restructure it through the resolution process and restore its viability after reorganisation and restructuring. If the CMD is implemented in its current form, such bail-in tool could be used to impose losses on holders of Notes which are not Subordinated Notes or Undated Subordinated Notes where the relevant Notes mature after 1 January 2018. This may result in holders of Notes which are not Subordinated Notes or Undated Subordinated Notes losing some or all of their investment. The exercise of any such power or any suggestion or anticipation of such exercise could, therefore, materially adversely affect the value of such Notes (including retrospectively, if and to the extent the draft CMD is implemented retrospectively so as to apply to such Notes). However, the draft CMD is not in final form and changes may be made to it in the course of the legislative process. Until fully implemented, the Issuer cannot predict the precise effects of the bail-in tool and its use in relation to such Notes.

(h) ***Impact of Basel Committee reforms on subordinated debt***

On 16 December 2010, the Basel Committee issued its final guidance (the "**Basel December 2010 Guidelines**") in relation to a package of new capital and liquidity requirements intended to reinforce capital standards and to establish minimum liquidity standards for credit institutions ("**Basel III**"). The Basel December 2010 Guidelines included a set of eligibility criteria for Additional Tier 1 and Tier 2 capital instruments.

In the European Union, Basel III will be reflected by amendments to the Capital Requirements Directive (known as "**CRD IV**") and the application of an EU regulation (known as "**CRR**") directly in each member state. CRD IV and CRR have been published in final form and will apply from 1 January 2014.

The CMD (see "*EU Crisis Management Directive*" above) is intended to complement CRD IV and CRR. The powers provided to resolution authorities in the draft CMD include powers to ensure relevant capital instruments (including Tier 2 capital instruments) fully absorb losses at the point of non-viability of the issuing institution. It is expected that the CMD will confer powers on the resolution authorities to require such capital instruments to be written down in full or converted into common equity Tier 1 instruments at the point of non-viability and before any other resolution action is taken (the "**CMD Loss Absorption Requirement**"). The draft CMD currently contemplates that the CMD Loss Absorption Requirement will be implemented in Member States with effect from the date which is 1 year and 20 days after its publication in final form in the *Official Journal of the European Union*.

The point of non-viability for such purposes is the point at which the appropriate resolution authority determines that the institution meets the conditions for resolution or will no longer be viable unless the relevant capital instruments are written down.

It is currently unclear whether the CMD Loss Absorption Requirement, when implemented, will apply to capital instruments (such as Dated Subordinated Notes and Undated Subordinated Notes) that are already in issue at that time of implementation or whether any transition rules will apply. If and to the extent that the CMD is implemented so as to apply to instruments already in issue at the time of implementation, such Notes will be subject to the provisions of the CMD (including the CMD Loss Absorption Requirement), in which case such Notes may be subject to write-down or conversion to common equity Tier 1 instruments upon the occurrence of the relevant trigger event, which may result in Noteholders losing some or all of their investment. The exercise of any such power or any suggestion or anticipation of such exercise could, therefore, materially adversely affect the value of such Notes.

In addition to the CMD Loss Absorption Requirement, the CMD is expected to provide resolution authorities with broader powers to implement other resolution measures with respect to distressed banks, which may include (without limitation) the replacement or substitution of the Issuer as obligor in respect of debt instruments, modifications to the terms of debt instruments (including altering the maturity (if any) and/or the amount of interest payable and/or imposing a temporary suspension on payments) and discontinuing the listing and admission to trading of financial instruments.

As the draft CMD is not in final form, it is not yet possible to assess accurately the full impact of the relevant loss absorption provisions. Until fully implemented, the Issuer cannot predict the precise effects of the changes that result from any proposed Basel III reforms on either its own financial performance or the price of the Dated Subordinated Notes and Undated Subordinated Notes.

5. **Risks related to the Market generally**

(a) ***The secondary market generally***

Notes may have no established trading market when issued, and one may never develop. If a market does develop, it may not be very liquid. Illiquidity may have a severely adverse effect on the market value of Notes.

Accordingly, investors may not be able to sell their Notes easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market.

If the Notes are traded after their initial issuance, they may trade at a discount to their initial offering price, depending upon prevailing interest rates, the market for similar securities, general economic conditions, commissions paid by the Issuer or the Dealer

and the financial condition of the Issuer. Although application has been made for Notes issued under the Programme to be admitted to the Official List of the FCA and to trading on the Regulated Market of the London Stock Exchange, there is no assurance that such application will be accepted, that any particular Tranche of Notes will be so admitted, that an active trading market will develop or that any listing or admission to trading will be maintained. **Accordingly, investors may not be able to sell their Notes prior to maturity.**

(b) ***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.

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

(c) ***Credit ratings may not reflect all risks***

One or more independent credit rating agencies may assign credit ratings to the Notes. The ratings may not reflect the potential impact of all risks related to structure, market, the additional factors discussed above or 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 by the rating agency at any time. **Accordingly, an investor may suffer losses if the credit rating assigned to any Notes does not reflect the true creditworthiness of such Notes.**

The value of the Notes may be affected, in part, by investors' general appraisal of the Issuer's creditworthiness. Such perceptions are generally influenced by such ratings. **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.**

OVERVIEW

This overview is as an introduction to this Base Prospectus and any decision to invest in the Notes should be based on a consideration of this Base Prospectus as a whole, including any information incorporated by reference.

Words and expressions defined in "Terms and Conditions of the Notes" and "Summary of Provisions relating to the Notes while in Global Form" below shall have the same meaning when used in this description.

Issuer: Investec Bank plc

The Issuer was a private limited company with limited liability incorporated on 20 December 1950 under the Companies Act 1948 and registered in England and Wales under registered number 00489604 with the name Edward Bates & Sons Limited. Since then it has undergone changes of name, eventually re-registering under the Companies Act 1985 on 23 January 2009 as a public limited company and is now incorporated under the name Investec Bank plc.

The Issuer had a tier 1 capital ratio of 11.1 per cent. And cash and near cash balances of £4.5 billion as at 31 March 2013.

The Issuer is the main banking subsidiary of Investec plc, which is part of an international banking group with operations in three principal markets: the United Kingdom, Australia and South Africa.

The principal businesses of the Issuer consist of 'Wealth & Investment and Specialist Banking'. For more information, see the Registration Document incorporated by reference into this Base Prospectus.

Risk Factors:

Investing in Notes issued under the Programme involves certain risks. The principal risk factors that may affect the ability of the Issuer to fulfil its obligations under the Notes are discussed in the sections headed "*Risk Factors*" on pages 1 to 9 above and pages 4 to 16 of the Registration Document and include the following:

Risks related to the Structure of the Notes. Certain types of Note issued under the Programme will be exposed to particular types of risk that other types of debt security would not be exposed to.

Risks related to the Early Redemption of the Notes. In certain circumstances the Notes may redeem early and in such event the redemption proceeds received by Noteholders may be less than the amount invested by such Noteholders.

Risks relating to the Legal Framework of the Notes: The value of the Notes may be affected by, *inter alia*, the occurrence of certain tax events or a change of law.

Risks related to the Market generally: There may be no secondary market in the Notes. Investors with financial activities denominated predominantly in a currency other than the Specified Currency will be exposed to exchange rate risks. Any credit rating assigned to the Notes may affect the market value of such Notes and may not reflect all risks in respect of such Notes.

Description: £6,000,000,000 Euro Medium Term Note Programme

Size:	Up to £6,000,000,000 (or the equivalent in other currencies at the date of issue) aggregate nominal amount of Notes outstanding at any one time.
Arranger and Dealer:	Investec Bank plc The Issuer may from time to time appoint dealers in respect of one or more Tranches. References in this Base Prospectus to " Dealers " are to such persons that are appointed as dealers in respect of one or more Tranches.
Trustee:	Deutsche Trustee Company Limited
Issuing and Paying Agent:	Deutsche Bank AG, London Branch
Registrar in respect of the Registered Notes:	Deutsche Bank Luxembourg S.A.
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 first payment of interest), 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 the relevant terms and conditions and, save in respect of the issue date, issue price, 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 final terms (the " Final Terms ").
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 only (" Bearer Notes ") in bearer form exchangeable for Registered Notes (" Exchangeable Bearer Notes ") or in registered form only (" Registered Notes "). Registered Notes will not be exchangeable for Bearer Notes. Each Tranche of Bearer Notes and Exchangeable 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 and are being issued in compliance with TEFRA D (as defined in " Selling Restrictions " below), 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 for one or more clearing systems are referred to as " Global Certificates ".
Clearing Systems:	Clearstream, Luxembourg, 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 any relevant Dealer.
Initial Delivery of Notes:	On or before the issue date for each Tranche, if the relevant Global Note is a New Global Note " NGN " or the relevant Global

Certificate is to be held under the New Safekeeping Structure ("NSS"), the Global Note or the Global Certificate, as the case may be, will be delivered to a Common Safekeeper and registered in the name of such Common Safekeeper (or its nominee) for Euroclear and Clearstream, Luxembourg. On or before the issue date for each Tranche, if the relevant Global Note is a CGN or the relevant Global Certificate is not intended to be held under the NSS, the Global Note representing Bearer Notes or Exchangeable 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 any 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 any relevant Dealer.

Maturities: Subject to compliance with all relevant laws, regulations and directives, any maturity between one month and 30 years. Unless otherwise permitted by then current laws, regulations and directives, Subordinated Notes will have a maturity of not less than five years.

Specified Denomination: Notes will be issued in such denominations as may be agreed between the Issuer and the relevant Dealer save that the minimum denomination of each Note (i) will not be less than €100,000 (or its equivalent in any other currency) and (ii) will be such as may be allowed or required from time to time by the relevant central bank (or equivalent body) or any laws or regulations applicable to the relevant Specified Currency.

If the Notes are issued in the form of a temporary Global Note which is exchangeable for definitive Bearer Notes, the Notes shall be issued only in denominations which are integral multiples of the lowest Specified Denomination.

Fixed Rate Notes: Fixed interest will be payable in arrear on the date or dates in each year specified in the relevant Final Terms.

Floating Rate Notes: 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 or 2000 ISDA Definitions, as published by the International Swaps and Derivatives Association, Inc. or

(ii) by reference to LIBOR or EURIBOR (as may be specified in the relevant Final Terms) as adjusted for any applicable margin.

Interest periods will be specified in the relevant Final Terms.

Zero Coupon Notes: Zero Coupon Notes (as defined in "*Terms and Conditions of the*

Notes") may be issued at their nominal amount or at a discount to it and will not bear interest.

Interest Periods and Interest Rates:

The length of the interest periods for the Notes and the applicable interest rate 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 Final Terms.

Redemption:

The relevant Final Terms will specify the basis for calculating the redemption amounts payable.

Redemption by Instalments:

The Final Terms issued in respect of each issue of Notes that are redeemable in two or more instalments will set out the dates on which, and the amounts in which, such Notes may be redeemed.

Optional Redemption:

The Final Terms issued in respect of each issue of Notes will state whether such Notes may be redeemed prior to their stated maturity at the option of the Issuer (either in whole or in part) and/or the holders, and if so the terms applicable to such redemption.

Status of Notes:

Senior Notes will constitute unsubordinated and unsecured obligations of the Issuer and Subordinated Notes will constitute subordinated obligations of the Issuer all as described in "*Terms and Conditions of the Notes – Status*".

Negative Pledge

Applicable to Senior Notes only. See "*Terms and Conditions of the Notes – Negative Pledge*".

Cross Default:

Applicable to Senior Notes only. See "*Terms and Conditions of the Notes – Events of Default*".

Ratings:

Tranches of Notes will be rated or unrated. Where a Tranche of Notes is to be rated, such rating will be specified in the relevant Final Terms.

A 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.

Early Redemption:

Except as provided in "*Optional Redemption*" above, Notes will be redeemable at the option of the Issuer prior to maturity only for tax reasons or upon the occurrence of a hedging disruption. See "*Terms and Conditions of the Notes – Redemption, Purchase and Options*".

Withholding Tax:

All payments of principal and interest in respect of the Notes will be made free and clear of withholding or deduction for or on account of taxes imposed by the United Kingdom, unless required by law. In the event that any such withholding or deduction is made, the Issuer will be required to pay additional amounts, subject to customary exceptions.

Governing Law:

English.

Listing and Admission to Trading:

Application has also been made for the Notes to be admitted during the twelve months after the date hereof to listing on the Official List of the FCA and to trading on the Regulated Market of the London Stock Exchange.

Selling Restrictions:

For a description of certain restrictions on offers, sales and deliveries of Notes and on the distribution of offering material in the United States, the European Economic Area, the United Kingdom and Japan, see "*Subscription and Sale*".

The Issuer is Category 2 for the purposes of Regulation S under the Securities Act, as amended.

Bearer Notes that have a maturity of more than one year will be issued in compliance with U.S. Treas. Reg. §1.163-5(c)(2)(i)(D) ("**TEFRA D**") unless (i) the relevant Final Terms states that "**TEFRA C**" is applicable, in which case the Notes will be issued in compliance with U.S. Treas. Reg. §1.163-5(c)(2)(i)(C) or (ii) the Notes are issued other than in compliance with TEFRA D or TEFRA C 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 Final Terms as a transaction to which TEFRA is not applicable.

DOCUMENTS INCORPORATED BY REFERENCE

The following documents shall be deemed to be incorporated in, and to form part of, this Base Prospectus, save that any documents incorporated by reference in any of the documents set forth below do not form part of this Base Prospectus:

- (i) The registration document (the "**Registration Document**") of the Issuer dated 11 June 2013.
- (ii) The annual report (including the auditors' report and audited consolidated annual financial statements) for the financial year ended 31 March 2013 of the Issuer, which has previously been published and filed with the FCA.
- (iii) The annual report (including the auditors' report and audited consolidated annual financial statements) for the financial year ended 31 March 2012 of the Issuer, which has previously been published and filed with the Financial Services Authority ("**FSA**").
- (iv) The terms and conditions set out on pages 23 to 56 of the prospectus dated 20 November 2009 relating to the Programme under the heading "*Terms and Conditions of the Notes*" (the "**2009 Conditions**").
- (v) The terms and conditions set out on pages 28 to 61 of the prospectus dated 18 October 2010 relating to the Programme under the heading "*Terms and Conditions of the Notes*" (the "**2010 Conditions**").
- (vi) The terms and conditions set out on pages 16 to 47 of the prospectus dated 23 August 2011 relating to the Programme under the heading "*Terms and Conditions of the Notes*" (the "**2011 Conditions**").
- (vii) The terms and conditions set out on pages 16 to 47 of the prospectus dated 13 June 2012 relating to the Programme under the heading "*Terms and Conditions of the Notes*" (the "**2012 Conditions**").

Following the publication of this Base Prospectus, a supplement may be prepared by the Issuer and approved by the FCA in accordance with Article 16 of the Prospectus Directive. Statements contained in any such supplement (or contained in any document incorporated by reference therein) shall, to the extent applicable (whether expressly, by implication or otherwise), be deemed to modify or supersede statements contained in this Base Prospectus or in a document which is incorporated by reference in this Base Prospectus. Any statement so modified or superseded shall not, except as so modified or superseded, constitute a part of this Base Prospectus.

The documents incorporated by reference in this Base Prospectus shall not include any documents which are themselves incorporated by reference in such incorporated documents ("daisy chained" documents). Such daisy chained documents shall not form part of this Base Prospectus. Where only part of the documents listed above have been incorporated by reference, only information expressly incorporated by reference herein shall form part of this document and the non-incorporated parts are either not relevant for the investor or covered elsewhere in this Base Prospectus.

Copies of the documents incorporated by reference in this Base Prospectus can be obtained from (i) the registered office of the Issuer and from the specified offices of the Issuing and Paying Agent and (ii) the website of the Regulatory News Service operated by the London Stock Exchange at www.londonstockexchange.com/exchange/prices-and-news/news/market-news/market-news-home.html.

The Issuer will, in the event of any significant new factor, material mistake or inaccuracy relating to information included in this Base Prospectus which is capable of affecting the assessment of any Notes, prepare and publish a supplement to this Base Prospectus or prepare and publish a new base prospectus for use in connection with any subsequent issue of Notes.

TERMS AND CONDITIONS OF THE NOTES

The following is the text of the terms and conditions (the "Terms and Conditions" or the "Conditions") that, subject to completion in accordance with the provisions of the relevant Final Terms, shall be applicable to the Notes in definitive form (if any) issued in exchange for the Global Note(s) representing each Series. Either (i) the full text of these terms and conditions together with the relevant provisions of the Final Terms or (ii) these terms and conditions as so completed shall be endorsed on such Bearer Notes or on the Certificates relating to such Registered Notes. References in the Conditions to "Notes" are to the Notes of one Series only, not to all Notes that may be issued under the Programme.

The Notes are constituted by a Trust Deed (as amended, restated, modified or supplemented as at the date of issue of the Notes (the "**Issue Date**") or from time to time), (the "**Trust Deed**") dated on or about 31 July 2013 between the Issuer and Deutsche 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 (the "**Conditions**") include summaries of, and are subject to, the detailed provisions of the Trust Deed, which includes the form of the Bearer Notes, Certificates, Receipts, Coupons and Talons referred to below. An Agency Agreement (as amended, restated, modified or supplemented as at the Issue Date or from time to time), (the "**Agency Agreement**") dated on or about 31 July 2013 has been entered into in relation to the Notes between the Issuer, the Trustee, Deutsche Bank AG, London Branch, as initial issuing and paying agent and the other agents named in it. The issuing and paying agent, the other 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**" (which expression shall include the Registrar) and the "**Calculation Agent(s)**". Copies of the Trust Deed and the Agency Agreement are available for inspection during usual business hours at the principal office of the Trustee (presently at Winchester House, 1 Great Winchester Street, London EC2N 2DB) and at the specified offices of the Paying Agents and the Transfer Agents.

The Noteholders, 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**") and the holders of the receipts for the payment of instalments of principal (the "**Receipts**") relating to Notes in bearer form of which the principal is payable in instalments 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.

Words and expressions defined in the Trust Deed, the Agency Agreement or used in the applicable Final Terms shall have the same meanings where used in the Conditions unless the context otherwise requires or unless otherwise stated and **provided that**, in the event of inconsistency between the Trust Deed and the Agency Agreement, the Trust Deed will prevail and, in the event of inconsistency between the Trust Deed or the Agency Agreement and the applicable Final Terms, the applicable Final Terms will prevail.

As used in these Conditions, "**Tranche**" means Notes which are identical in all respects.

The obligations of the Issuer in respect of payments of principal and interest on the Undated Subordinated Notes are conditional upon the Issuer being solvent at the time of payment by the Issuer and immediately thereafter. In the event of a Winding Up or Qualifying Administration (each as defined in Condition 3(d)(Definitions)) of the Issuer, the right to claim for interest (including Arrears of Interest (as defined in Condition 5 (k) (Deferral of Interest on Undated Subordinated Notes)) may be limited by applicable insolvency laws.

The Issuer may defer payments of interest in respect of Undated Subordinated Notes as provided in Condition 5(k) (Deferral of Interest on Undated Subordinated Notes). In the case of Dated Subordinated Notes in relation to which Condition 3(c) (Dated Subordinated Notes: Deferral of Payments) is specified in the applicable Final Terms as applying (Upper Tier 3 Capital), the Issuer may also defer payments of interest as provided in that Condition.

1. **Form, Denomination and Title**

The Notes are issued in bearer form ("**Bearer Notes**", which expression includes Notes that are specified to be Exchangeable Bearer Notes), in registered form ("**Registered Notes**") or in bearer form exchangeable for Registered Notes ("**Exchangeable Bearer Notes**") in each case in the Specified Denomination(s) set out in the relevant Final Terms. All Registered Notes shall have

the same Specified Denomination. Where Exchangeable Bearer Notes are issued, the Registered Notes for which they are exchangeable shall have the same Specified Denomination as the lowest denomination of Exchangeable Bearer Notes.

This Note is a Fixed Rate Note, a Floating Rate Note, a Zero Coupon Note, an Instalment Note or a combination of the foregoing, depending upon the Interest and Redemption/Payment Basis specified in the relevant Final Terms.

This Note may also be a Senior Note, a Dated Subordinated Note or an Undated Subordinated Note, as indicated in the applicable Final Terms.

Bearer Notes are serially numbered and are issued with Coupons (and, where appropriate, a Talon) attached, save in the case of Zero Coupon Notes in which case references to interest (other than in relation to interest due after the Maturity Date), Coupons and Talons in these Conditions are not applicable. Instalment Notes are issued with one or more Receipts attached.

Registered Notes are represented by registered certificates ("**Certificates**") and, save as provided in Condition 2(c) (*Exercise of Options or Partial Redemption in Respect of Registered Notes*), each Certificate shall represent the entire holding of Registered Notes by the same holder.

Title to the Bearer Notes and the Receipts, Coupons and Talons shall pass by delivery. Title to the Registered Notes shall pass by registration in the register that the Issuer shall procure to be kept by the Registrar in accordance with the provisions of the Agency Agreement (the "**Register**"). Except as ordered by a court of competent jurisdiction or as required by law, the holder (as defined below) of any Note, Receipt, 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 and the Receipts relating to it or the person in whose name a Registered Note is registered (as the case may be), "**holder**" (in relation to a Note, Receipt, Coupon or Talon) means the bearer of any Bearer Note, Receipt, 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 in the relevant Final Terms, the absence of any such meaning indicating that such term is not applicable to the Notes.

2. **Exchanges of Exchangeable Bearer Notes and Transfers of Registered Notes**

- (a) **Exchange of Exchangeable Bearer Notes:** Subject as provided in Condition 2(f) (*Closed Periods*), Exchangeable Bearer Notes may be exchanged for the same nominal amount of Registered Notes at the request in writing of the relevant Noteholder and upon surrender of each Exchangeable Bearer Note to be exchanged, together with all unmatured Receipts, Coupons and Talons relating to it, at the specified office of any Transfer Agent; **provided, however, that** where an Exchangeable Bearer Note is surrendered for exchange after the Record Date (as defined in Condition 7(b) (*Payments and Talons – Registered Notes*)) for any payment of interest, the Coupon in respect of that payment of interest need not be surrendered with it. Registered Notes may not be exchanged for Bearer Notes. Bearer Notes of one Specified Denomination may not be exchanged for Bearer Notes of another Specified Denomination. Bearer Notes that are not Exchangeable Bearer Notes may not be exchanged for Registered Notes.
- (b) **Transfer of Registered Notes:** One or more Registered Notes may 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 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. 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.

- (c) **Exercise of Options or Partial Redemption in Respect of Registered Notes:** In the case of an exercise of an Issuer's or Noteholders' option in respect of, 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. In the case of a partial exercise of an option resulting in Registered Notes of the same holding having different terms, separate Certificates shall be issued in respect of those Notes of that holding that have the same terms. New Certificates shall only be issued against surrender of the existing Certificates to the Registrar or any Transfer Agent. 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.
- (d) **Delivery of New Certificates:** Each new Certificate to be issued pursuant to Conditions (a) (*Exchange of Exchangeable Bearer Notes*), (b) (*Transfer of Registered Notes*) or (c) (*Exercise of Options or Partial Redemption in Respect of Registered Notes*) shall be available for delivery within three business days of receipt of the request for exchange, form of transfer or Exercise Notice (as defined in Condition 6(g) (*Redemption at the Option of Noteholders (other than holders of Subordinated Notes)*)) 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 request for exchange, form of transfer, Exercise Notice 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 request for exchange, form of transfer, Exercise Notice or otherwise in writing, be mailed by uninsured post at the risk of the holder entitled to the new Certificate to such address as may be so specified, unless such holder requests otherwise and pays in advance to the relevant Transfer Agent the costs of such other method of delivery and/or such insurance as it may specify. In this Condition (d) (*Delivery of New Certificates*), "**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).
- (e) **Exchange Free of Charge:** Exchange and 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, stamp duty, stamp duty reserve tax or other transfer tax or duty or other governmental charges that may be imposed in relation to it (or the giving of such indemnity as the Registrar or the relevant Transfer Agent may require).
- (f) **Closed Periods:** No Noteholder may require the transfer of a Registered Note to be registered or an Exchangeable Bearer Note to be exchanged for one or more Registered Note(s) (i) during the period of 15 days ending on the due date for redemption of, or payment of any Instalment Amount in respect of, that Note, (ii) during the period of 15 days prior to any date on which Notes may be called for redemption by the Issuer at its option pursuant to Condition 6(f) (*Redemption at the Option of the Issuer*), (iii) after any such Note has been called for redemption or (iv) during the period of seven days ending on (and including) any Record Date. An Exchangeable Bearer Note called for redemption may, however, be exchanged for one or more Registered Note(s) in respect of which the Certificate is simultaneously surrendered not later than the relevant Record Date.

3. **Status**

- (a) **Status of Senior Notes:** If the Notes are specified as Senior Notes in the applicable Final Terms (the "**Senior Notes**"), the Senior Notes and the Receipts and the Coupons relating to them constitute, direct, unconditional, unsubordinated and, subject to Condition 4 (*Negative Pledge (Senior Notes Only)*), unsecured obligations of the Issuer and shall at all times rank *pari passu* and without any preference among themselves. The payment obligations of the Issuer under the Senior Notes and the Receipts and the Coupons relating to them shall, save for such exceptions

as may be provided by applicable legislation and subject to Condition 4 (*Negative Pledge (Senior Notes Only)*), at all times rank at least equally with all other unsecured and unsubordinated obligations of the Issuer, present and future.

(b) **Status and Subordination of Subordinated Notes:**

- (i) If the Notes are specified as Dated Subordinated Notes in the applicable Final Terms, the Dated Subordinated Notes and the relative Receipts and Coupons (if any) are unsecured obligations of the Issuer subordinated in a Winding Up or Qualifying Administration of the Issuer as described below and rank and will rank (A) in priority to the claims of holders of all classes of share capital, (B) *pari passu* with Undated Subordinated Notes, (C) *pari passu* without any preference among themselves, (D) at least *pari passu* with all other subordinated obligations (including guarantee obligations) of the Issuer, (E) *pari passu* with obligations of the Issuer in respect of claims (if any) which rank or are expressed to rank *pari passu* with the Dated Subordinated Notes, and (F) junior in point of subordination to the obligations of the Issuer in respect of its Senior Creditors. The rights of the holders of Dated Subordinated Notes (and any rights in respect of the relative Receipts and Coupons) will, in the event of the Winding Up or Qualifying Administration of the Issuer, be subordinated in right of payment in the manner provided in the Trust Deed to the claims of Senior Creditors of the Issuer.
- (ii) If the Notes are specified as Undated Subordinated Notes in the applicable Final Terms, the Undated Subordinated Notes and the relative Receipts and Coupons (if any) are unsecured obligations of the Issuer and rank and will rank (A) in priority to the claims of holders of all classes of share capital, (B) *pari passu* without any preference with other Undated Subordinated Notes, (C) *pari passu* with Dated Subordinated Notes, (D) at least *pari passu* with all other subordinated obligations (including guarantee obligations) of the Issuer, (E) *pari passu* with obligations of the Issuer in respect of claims (if any) which rank or are expressed to rank *pari passu* with Undated Subordinated Notes and (F) junior in point of subordination to the obligations of the Issuer in respect of its Senior Creditors. The rights of the holders of Undated Subordinated Notes (and any rights in respect of the relative Coupons) will, in the event of the Winding Up or Qualifying Administration of the Issuer, be subordinated in right of payment in the manner provided in the Trust Deed to the claims of Senior Creditors of the Issuer.

In the case of Undated Subordinated Notes, payments in respect of or arising from (including any damages awarded for breach of any obligations under) the Undated Subordinated Notes and the relative Receipts and Coupons, in addition to the right of the Issuer to defer payment of interest in accordance with Condition 5(k) (*Deferral of Interest on Undated Subordinated Notes*), are conditional upon the Issuer being solvent at the time of payment by the Issuer, and no such principal, premium, interest or any other amount shall be due and payable in respect of or arising from the Notes, the relative Receipts and Coupons and the Trust Deed unless and until and except to the extent that the Issuer could make such payment in whole or in part and still be solvent immediately thereafter, in each case except where the next paragraph of this Condition (ii) (*Status and Subordination of Subordinated Notes*) below applies. For the purposes of this Condition 3(b)(ii) (*Status and Subordination of Subordinated Notes*), the Issuer shall be deemed to be solvent if (i) it is able to pay its debts owed to Senior Creditors as they fall due and (ii) its Assets exceed its Liabilities (other than its Liabilities to persons who are not its Senior Creditors). A report as to the solvency of the Issuer by two Directors or, in certain circumstances as provided in the Trust Deed, the auditors of the Issuer or, if the Issuer is in winding-up, its liquidator, or, if the Issuer is in administration, its administrator, shall, in the absence of manifest error be treated and accepted by the Issuer, the Trustee, the Noteholders and the Couponholders as correct and sufficient evidence thereof. The Issuer shall (except where the paragraph below applies) satisfy any Arrears of Interest which arises as a result of this Condition 3(b)(ii) (*Status and Subordination of Subordinated Notes*) at the time referred to in Condition 5(k) (*Deferral of Interest on Undated Subordinated Notes*).

In the case of Undated Subordinated Notes, if at any time the Issuer is in Winding Up or in a Qualifying Administration, there shall be payable on each Undated Subordinated

Note (in lieu of any other payment by the Issuer but subject as provided in this Condition 3 (*Status*)), such amount, if any, as would have been payable to the holder thereof if, on the date prior to the commencement of the Winding Up of the Issuer or the notice of the administrator, as the case may be, and thereafter, such Noteholder and/or Couponholder and/or the Trustee, as the case may be, were the holder of one of a class of preference share in the capital of the Issuer ("**Notional Preference Shares**") having a preferential right to a return of assets in the Winding Up or Qualifying Administration over, and so rank ahead of, the holders of all issued shares for the time being in the capital of the Issuer but ranking junior to the claims of Senior Creditors on the assumption that the amount that such holder was entitled to receive in respect of each Notional Preference Share on a return of assets in such Winding Up or Qualifying Administration were an amount equal to the principal amount of, and any applicable premium on, such Undated Subordinated Note together with Arrears of Interest (as defined in Condition 5(k) (*Deferral of Interest on Undated Subordinated Notes*)), if any, and any other interest which has accrued up to, but excluding, the date of repayment (as provided in the Trust Deed) in respect thereof together with, to the extent not otherwise included within the foregoing, any other amounts attributable to the Note, including any damages awarded for breach of any obligations, whether or not the conditions referred to in the second paragraph of this Condition 3(b)(ii) (*Status and Subordination of Subordinated Notes*) are satisfied on the date upon which the same would otherwise be due and payable.

*N.B. In circumstances where the Issuer is not in Winding Up or in a Qualifying Administration, the obligations of the Issuer in respect of the Undated Subordinated Notes and the related Coupons are conditional upon the Issuer being solvent for the purpose of Condition (b) (*Status and Subordination of Subordinated Notes*) immediately before and after payment by the Issuer. If Condition (b) (*Status and Subordination of Subordinated Notes*) is not satisfied, any amounts which might otherwise have been allocated in or towards payment of principal and interest in respect of the Undated Subordinated Notes may be used to absorb the losses of the Issuer, whilst enabling the Issuer to continue its business and any such amounts shall not be deemed to be due for the purposes of Condition 10(*Events of Default*).*

*The Issuer may also defer payments of interest in respect of Undated Subordinated Notes as provided in Condition 5(k)(*Deferral of Interest on Undated Subordinated Notes*).*

- (iii) Subject to applicable law, neither any Noteholder, Couponholder nor the Trustee 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 Subordinated Notes, the relative Receipts or the Coupons and each Noteholder and Couponholder shall, by virtue of being the holder of any Subordinated Note, Receipt or Coupon (as the case may be), be deemed to have waived all such rights of set-off, compensation or retention, in each case both before and during any winding-up, liquidation or administration of the Issuer. Notwithstanding the provisions of the foregoing sentence, if any of the said rights and claims of any Noteholder or Couponholder against the Issuer is discharged by set-off, such Noteholder or Couponholder will immediately pay an amount equal to the amount of such discharge to the Issuer or, in the event of the winding-up, liquidation or administration of the Issuer (as the case may be), the liquidator, administrator or other relevant insolvency official of the Issuer and until such time as payment is made will hold a sum equal to such amount in trust for the Issuer (or the liquidator or, as appropriate, administrator or other relevant insolvency official of the Issuer (as the case may be)) and accordingly such discharge shall be deemed not to have taken place.

(c) **Dated Subordinated Notes: Deferral of Payments**

In the case of Dated Subordinated Notes in relation to which this Condition (c) (*Dated Subordinated Notes: Deferral of Payments*) is specified in the applicable Final Terms as applying (Upper Tier 3 Capital), the Issuer shall be entitled, by notice in writing to the Trustee (a "**Deferral Notice**"), to defer the due date for payment of any principal or interest in respect of such Notes, and, accordingly, on the giving of such notice the due date for payment of any such principal or interest (the "**Deferred Payment**") shall be so deferred and the Issuer shall not be obliged to make payment thereof on the date the same would otherwise have become due and

payable, and such deferral of payment shall not constitute a default by the Issuer for any purpose. Accordingly the applicable provisions of these Conditions in relation to such Dated Subordinated Notes shall have effect subject to this Condition 3(c) (*Dated Subordinated Notes: Deferral of Payments*). The Issuer (i) shall give a Deferral Notice in circumstances where the Issuer's Capital Resources (as defined below) would be less than its Capital Resources Requirement (as defined below) after payment of any such principal or interest in whole or in part; or (ii) may give a Deferral Notice where the PRA has required or requested the Issuer to defer payment of the relevant payment of such principal and/or interest. Interest will accrue on Deferred Payments in accordance with the provisions of these Conditions and the Trust Deed, save that such interest shall only become due and payable at such time as the Deferred Payment in respect of which it has accrued becomes due and payable under the following sentence. Where the Issuer's Capital Resources would not be less than its Capital Resources Requirement after payment of any Deferred Payment or part thereof, the Issuer shall give to the Trustee written notice thereof (a "**Payment Notice**") and the relevant Deferred Payment (or the appropriate part of it) and any accrued interest as aforesaid shall become due and payable on the seventh day after the date of such Payment Notice. In addition, all Deferred Payments (or remaining part of any Deferred Payment part only of which has been made as aforesaid) and any accrued interest as aforesaid which remain unpaid shall become due and payable in full on the commencement (as defined in the Trust Deed) of a Winding Up or Qualifying Administration of the Issuer. Where more than one Deferred Payment (or remaining part thereof) remains unpaid, payment of part thereof shall be made *pro rata* according to the amounts of such Deferred Payments remaining unpaid and of any accrued interest as aforesaid remaining unpaid. The Issuer shall promptly give notice to the holders of the relevant Series of Notes in accordance with Condition 16 (*Notices*) of any Deferral Notice or Payment Notice.

In the case of Dated Subordinated Notes which constitute Upper Tier 3 Capital, the PRA only permits payments of principal and interest to be made in respect of such Dated Subordinated Notes in circumstances where, after such payment is made, the Issuer's Capital Resources would not be less than its Capital Resources Requirement.

Dated Subordinated Notes that are intended to qualify as Tier 2 Capital have no provisions for the deferral of interest.

(d) **Definitions**

In these Conditions:

"**Assets**" means the unconsolidated gross assets of the Issuer as shown in the latest published audited balance sheets of the Issuer but adjusted for contingent assets and for all subsequent events, all in such manner as the directors, the auditors of the Issuer or the liquidator (as the case may be) may determine;

"**Capital Regulations**" means, at any time, the regulations, requirements, guidelines and policies relating to capital adequacy then in effect of the PRA;

"**Capital Resources**" has the meaning ascribed to it in the Capital Regulations and shall include any successor term from time to time equivalent thereto as agreed between the Issuer and the Trustee;

"**Capital Resources Requirement**" has the meaning ascribed to it in the Capital Regulations and shall include any successor term from time to time equivalent thereto as agreed between the Issuer and the Trustee;

"**Liabilities**" means the unconsolidated gross liabilities of the Issuer as shown in the latest published audited balance sheets of the Issuer but adjusted for contingent liabilities and for subsequent events, all in such manner as the directors, the auditors of the Issuer or the liquidator (as the case may be) may determine;

"**Overall Financial Adequacy Rule**" has the meaning ascribed to it in the Capital Regulations and shall include any successor term from time to time equivalent thereto as agreed between the Issuer and the Trustee;

"**PRA**" means the Prudential Regulation Authority of the United Kingdom or such other governmental authority in the United Kingdom (or, if the Issuer becomes domiciled in a jurisdiction other than the United Kingdom, in such other jurisdiction) having primary supervisory authority with respect to the Issuer;

"**Qualifying Administration**" means that an administrator has been appointed in respect of the Issuer and has given notice that he intends to declare and distribute a dividend;

"**Senior Creditors**" means, in respect of Subordinated Notes, all depositors and other creditors of the Issuer other than (a) creditors (if any) whose claims rank or are expressed to rank *pari passu* (whether only in the event of a winding-up or administration of the Issuer or otherwise) with or junior to the claims of the holders of Subordinated Notes and (b) creditors with whose claims the Notes rank or are expressed to rank *pari passu* (whether only in the event of a winding-up of the Issuer or otherwise);

"**Subordinated Notes**" means Dated Subordinated Notes and/or Undated Subordinated Notes issued by the Issuer;

"**Tier 1 Capital**", "**Tier 2 Capital**" and "**Upper Tier 3 Capital**" each have the meaning ascribed to them by the PRA;

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

"**Winding Up**" means any winding-up of the issuer (excluding a solvent winding-up solely for the purposes of a reconstruction, amalgamation, reorganisation, merger, consolidation or the substitution in place of the Issuer of a successor in business (as defined in the Trust Deed), the terms of which reconstruction, amalgamation, reorganisation, merger, consolidation or substitution have previously been approved in writing by the Trustee or by an Extraordinary Resolution (as defined in the Trust Deed) of the Noteholders of the relevant Series.

4. **Negative Pledge (Senior Notes Only)**

So long as any Senior Note or related Coupon remains outstanding (as defined in the Trust Deed), the Issuer will not, and will ensure that none of its Subsidiaries will create, or have outstanding, any mortgage, charge, lien, pledge or other security interest (each a "**Security Interest**") (other than a Permitted Security Interest), upon, or with respect to, any of its present or future business, undertaking, assets or revenues (including any uncalled capital) to secure any Relevant Indebtedness, without at the same time or prior thereto and, in any other case, promptly, taking any and all action necessary to ensure that all amounts payable by it under the Senior Notes, the Coupons and the Trust Deed are secured by the Security Interest equally and rateably with the Relevant Indebtedness to the satisfaction of the Trustee or that such other Security Interest or other arrangement (whether or not it includes the giving of a Security Interest) is provided either (i) as the Trustee shall in its absolute discretion deem not materially less beneficial to the interest of the Noteholders or (ii) as shall be approved by an Extraordinary Resolution (as defined in the Trust Deed) of the Noteholders.

In these Conditions:

- (i) "**Government Entities**" means any body, agency, ministry, department, authority, statutory corporation or other entity of or pertaining to a member state of the European Economic Area or the government thereof or any political sub division, municipality or local government thereof (whether autonomous or not);
- (ii) "**Permitted Security Interest**" means (a) any lien arising by operation of law or (b) any netting or set-off arrangement entered into by the Issuer or a Subsidiary in the ordinary course of its business for the purpose of netting debit and credit balances or (c) any existing Security Interest as at the Issue Date of the first Tranche of the Notes or (d) any Security Interest created by the Issuer or a Subsidiary or a special purpose vehicle over the whole or any part of its present or future assets or revenues where such assets or revenues are comprised only of the following (or are otherwise qualifying collateral for issues of covered bonds or mortgage-backed securities (howsoever described) pursuant to any relevant contractual arrangements): (i) mortgage receivables; or (ii) receivables

against Government Entities; or (iii) asset-backed securities backed by any of the assets under (i) or (ii); or (iv) any other assets permitted by English law to collateralise covered bonds or mortgage-backed securities in each case **provided that** the creation of such security interest is pursuant to the relevant contractual arrangements or, as the case may be, specific provisions of the laws of England and Wales relating to covered bonds or mortgage-backed securities (howsoever described, designated by the Issuer as such and secured on a segregated pool of assets) applicable at the time of creation of such security interest;

- (iii) "**Relevant Indebtedness**" means (i) any indebtedness which is in the form of, or represented or evidenced by, bonds, notes, debentures, loan stock or other securities which for the time being are quoted, listed or dealt in or traded on any stock exchange or over-the-counter or other securities market and having an original maturity of more than one year from its date of issue and (ii) any guarantee or indemnity in respect of any such indebtedness; and
- (iv) "**Subsidiary**" means any entity whose financial statements at any time are required by law or in accordance with generally accepted accounting principles to be fully consolidated with those of the Issuer.

5. **Interest and other Calculations**

- (a) **Interest on Fixed Rate Notes:** Each Fixed Rate Note bears interest on its outstanding nominal amount from the Interest Commencement Date at the rate per annum (expressed as a percentage) equal to the Rate of Interest, such interest being payable in arrear on each Interest Payment Date. The amount of interest payable shall be determined in accordance with Condition 5(f) (*Calculations*) below.
- (b) **Interest on Floating Rate Notes:**
 - (i) *Interest Payment Dates:* Each Floating Rate Note bears interest on its outstanding nominal amount from the Interest Commencement Date at the rate per annum (expressed as a percentage) equal to the Rate of Interest, such interest being payable in arrear on each Interest Payment Date. The amount of interest payable shall be determined in accordance with Condition 5(f) (*Calculations*). Such Interest Payment Date(s) is/are either specified in the relevant Final Terms as Specified Interest Payment Dates or, if no Specified Interest Payment Date(s) is/are specified in the relevant Final Terms, Interest Payment Date shall mean each date which falls the number of months or other period specified in the relevant Final Terms as the Interest Period after the preceding Interest Payment Date or, in the case of the first Interest Payment Date, after the Interest Commencement Date.
 - (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 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 subsequent such 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:* The Rate of Interest in respect of Floating Rate Notes for each Interest Accrual Period shall be determined in accordance with the

provisions below relating to either ISDA Determination or Screen Rate Determination, depending upon which is specified to apply in the relevant Final Terms.

(A) ISDA Determination for Floating Rate Notes

Where ISDA Determination is specified in the relevant Final Terms as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Accrual Period shall be determined by the Calculation Agent 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 in the relevant Final Terms;
- (y) the Designated Maturity is a period specified in the relevant Final Terms; and
- (z) the relevant Reset Date is the first day of that Interest Accrual Period unless otherwise specified in the relevant Final Terms.

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.

(B) Screen Rate Determination for Floating Rate Notes

- (x) Where Screen Rate Determination is specified in the relevant Final Terms as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Accrual Period will, 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 either 11.00 a.m. (London time in the case of LIBOR or Brussels time in the case of EURIBOR) 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) 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 Calculation Agent shall request, if the Reference Rate is LIBOR, the principal London office of each of the Reference Banks or, if the Reference Rate is EURIBOR, the principal Euro-zone 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 if the Reference Rate is LIBOR, at approximately 11.00 a.m. (London time), or if the Reference Rate is EURIBOR, 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 to (and at the request of) the Calculation Agent by the Reference Banks or any two or more of them, at which such banks were offered, if the Reference Rate is LIBOR, at approximately 11.00 a.m. (London time) or, if the Reference Rate is EURIBOR, 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, if the Reference Rate is LIBOR, the London inter-bank market or, if the Reference Rate is EURIBOR, the Euro-zone inter-bank market, as the case may be, or, if fewer than two of the Reference Banks provide the Calculation Agent with such offered rates, 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, if the Reference Rate is LIBOR, at approximately 11.00 a.m. (London time) or, if the Reference Rate is EURIBOR, at approximately 11.00 a.m. (Brussels time), on the relevant Interest Determination Date, any one or more banks (which bank or banks is or are in the opinion of the Trustee and the Issuer suitable for such purpose) informs the Calculation Agent it is quoting to leading banks in, if the Reference Rate is LIBOR, the London inter-bank market or, if the Reference Rate is EURIBOR, the Euro-zone inter-bank market, as the case may be, **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 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).
- (c) **Zero Coupon Notes:** Where a Note the Interest Basis of which is specified to be Zero Coupon is repayable prior to the Maturity Date and is not paid when due, the amount due and payable prior to the Maturity Date shall be the Early Redemption Amount of such Note. As from the Maturity Date, the Rate of Interest for any overdue principal of such a Note shall be a rate per annum (expressed as a percentage) equal to the Amortisation Yield (as described in Condition 6(b)(i) (*Early Redemption – Zero Coupon Notes*)).
- (d) **Accrual of Interest:** Interest shall cease to accrue on each Note on the due date for redemption unless, upon due presentation, payment is improperly withheld or refused, in which event interest shall continue to accrue (both before and after judgment) at the Rate of Interest in the manner provided in this 5 (*Interest and other Calculations*) to the Relevant Date (as defined in Condition 8 (*Taxation*)).
- (e) **Margin, Maximum/Minimum Rates of Interest, Instalment Amounts and Rounding:**
 - (i) If any Margin is specified in the relevant Final Terms (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 5(b) (*Interest on Floating Rate Notes*) above by adding (if a positive number) or subtracting the absolute value (if a negative number) of such Margin, subject always to the next paragraph.

- (ii) If any Maximum or Minimum Rate of Interest, Instalment Amount or Redemption Amount is specified in the relevant Final Terms, then any Rate of Interest, Instalment Amount or Redemption Amount shall be subject to such maximum or minimum, as the case may be.
 - (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 of such currency.
- (f) **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 in the relevant Final Terms, 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.
- (g) **Determination and Publication of Rates of Interest, Interest Amounts, Final Redemption Amounts, Early Redemption Amounts, Optional Redemption Amounts and Instalment Amounts:** The Calculation Agent shall, as soon as practicable on each Interest Determination Date, 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, calculate the Final Redemption Amount, Early Redemption Amount, Optional Redemption Amount or Instalment Amount, 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 and, if required to be calculated, the Final Redemption Amount, Early Redemption Amount, Optional Redemption Amount or any Instalment Amount 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 no event 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 5(b)(ii) (*Interest on Floating Rate Notes – Business Day Convention*), the Interest Amounts and the Interest Payment Date so published may subsequently be amended (or appropriate alternative arrangements made with the consent of the Trustee by way of adjustment) without notice in the event of an extension or shortening of the Interest Period. If the Notes become due and payable under Condition 10 (*Events of Default*), 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 but no publication of the Rate of Interest or the Interest Amount so calculated need be made unless the Trustee otherwise requires. 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) **Determination or Calculation by Trustee:** If the Calculation Agent does not at any time for any reason determine or calculate the Rate of Interest for an Interest Accrual Period or any Interest Amount, Instalment Amount, Final Redemption Amount, Early Redemption Amount or Optional Redemption Amount, the Trustee shall do so (or shall appoint an agent on its behalf to do so) and such determination or calculation shall be deemed to have been made by the Calculation Agent. In doing so, the Trustee shall apply the foregoing provisions of this Condition, with any necessary consequential amendments, to the extent that, in its opinion, it can do so, and, in all other respects it shall do so in such manner as it shall deem fair and reasonable in all the circumstances.
- (i) **Definitions:** In these Conditions, unless the context otherwise requires, the following defined terms shall have the meanings set out below:

"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, 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.

"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 an Interest Accrual Period, the "**Calculation Period**"):

- (i) if "**Actual/Actual**" or "**Actual/Actual – ISDA**" is specified in the relevant Final Terms, 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 in the relevant Final Terms, the actual number of days in the Calculation Period divided by 365;
- (iii) if "**Actual/360**" is specified in the relevant Final Terms, the actual number of days in the Calculation Period divided by 360;
- (iv) if "**30/360**", "**360/360**" or "**Bond Basis**" is specified in the relevant Final Terms, 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 and D1 is greater than 29, in which case D2 will be 30;

- (v) if "**30E/360**" or "**Eurobond Basis**" is specified in the relevant Final Terms, 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;

- (vi) if "**30E/360 (ISDA)**" is specified in the relevant Final Terms, 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;

- (vii) if "**Actual/Actual-ICMA**" is specified in the relevant Final Terms,
- (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 Period**" means the period from and including a Determination Date in any year to but excluding the next Determination Date;

"**Determination Date**" means the Interest Payment Date(s);

"**Euro-zone**" means the region comprised of member states of the European Union that adopt the single currency in accordance with the Treaty establishing the European Community, as amended;

"**Interest Accrual Period**" means the period beginning on (and including) the Interest Commencement Date 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:

- (i) 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 shall mean the Fixed Coupon Amount or Broken Amount specified in the relevant Final Terms as being payable on the Interest Payment Date ending the Interest Period of which such Interest Accrual Period forms part; and
- (ii) 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 in the relevant Final Terms;

"**Interest Determination Date**" means, with respect to a Rate of Interest and Interest Accrual Period, the date specified as such in the relevant Final Terms 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 TARGET Business Days prior to the first day of such Interest Accrual Period if the Specified Currency is euro, or (iii) the day falling two Business Days in New York for the Specified Currency prior to the first day of such Interest Accrual Period if the Specified Currency is U.S. dollars, or (iv) the day falling two Business Days in London for the Specified Currency prior to the first day of such Interest Accrual Period if the Specified Currency does not fall within (i), (ii) or (iii) for the purposes of this definition;

"Interest Period" means 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 in the relevant Final Terms;

"ISDA Definitions" means the 2006 ISDA Definitions or the 2000 ISDA Definitions, each as published by the International Swaps and Derivatives Association, Inc., as specified in the Final Terms;

"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 set out in the relevant Final Terms;

"Reference Banks" means, in the case of a determination of LIBOR, the principal London office of four major banks in the London inter-bank market and, in the case of a determination of EURIBOR, the principal Euro-zone office of four major banks in the Euro-zone inter-bank market, in each case selected by the Calculation Agent or, if there is no Calculation Agent, the Issuer;

"Reference Rate" means the rate specified as such in the relevant Final Terms;

"Relevant Screen Page" means such page, section, caption, column or other part of a particular information service as may be specified in the relevant Final Terms;

"Specified Currency" means the currency specified as such in the relevant Final Terms or, if none is specified, the currency in which the Notes are denominated; and

"TARGET System" means the Trans-European Automated Real-Time Gross Settlement Express Transfer (known as TARGET2) System which was launched on 19 November 2007 or any successor thereto.

- (j) **Calculation Agent:** The Issuer shall procure that there shall at all times be one or more Calculation Agents if provision is made for them in the relevant Final Terms 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 the 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 Accrual Period or to calculate any Interest Amount, Instalment Amount, Final Redemption Amount, Early Redemption Amount or Optional Redemption Amount, as the case may be, or to comply with any other requirement, the Issuer shall (with the prior approval of the Trustee) appoint a leading bank or financial institution engaged in the interbank 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.
- (k) **Deferral of Interest on Undated Subordinated Notes:**
- (i) The Issuer may (in relation to the Undated Subordinated Notes only) elect, subject as provided below, to defer any payment of interest which is otherwise scheduled to be paid

on an Interest Date (as defined below) by giving notice of such election to the Noteholders in accordance with Condition 16 (*Notices*), the Trustee and the Issuing and Paying Agent not more than 30 nor less than 20 Business Days prior to the relevant Interest Date. The Issuer may not exercise its rights under this Condition 5(k) (*Deferral of Interest on Undated Subordinated Notes*) to defer payments of interest if an event of the type described under limb (1) of the definition of Capital Disqualification Event (as defined below) has occurred unless a Capital Breach Event (as defined below) has also occurred and is continuing at such time when it may still exercise such right in its discretion.

Any such interest on Undated Subordinated Notes not paid on an Interest Date together with any interest not paid on Undated Subordinated Notes pursuant to Condition 3(b)(ii) (*Status and Subordination of Subordinated Notes*) and any other interest not paid on any other Interest Date shall, so long as the same remains unpaid, constitute "**Arrears of Interest**".

Arrears of Interest may, at the option of the Issuer (but subject to the provisions of the second paragraph of Condition 3(b)(ii) (*Status and Subordination of Subordinated Notes*) relating to the solvency of the Issuer), be paid in whole or in part at any time upon the expiration of not less than seven days' notice to such effect given to the Trustee and to the Noteholders in accordance with Condition 16 (*Notices*), but all Arrears of Interest on all Undated Subordinated Notes outstanding shall become due in full on the date set for any redemption pursuant to the provisions of Condition 6 (*Redemption, Purchase and Options*).

If, on an Interest Date, interest in respect of the Undated Subordinated Notes has not been paid as a result of the second paragraph of Condition 3(b)(ii) (*Status and Subordination of Subordinated Notes*) or the exercise by the Issuer of its option pursuant to this Condition 5(k) (*Deferral of Interest on Undated Subordinated Notes*), then from such Interest Date until such time as the full amount of such Arrears of Interest has been received by the Agent or the Trustee and no other Arrears of Interest remain unsatisfied, the Dividend and Capital Restriction shall apply.

The Dividend and Capital Restriction means that:

- (a) the Issuer shall not declare or pay any distribution or dividend or make any payment on any class of share capital or on any other securities of the Issuer ranking or expressed to rank junior to the Undated Subordinated Notes; and
- (b) the Issuer shall procure that no subsidiary undertaking of the Issuer shall declare or pay any distribution or any dividend or make any payment on any security or other obligation benefiting from a guarantee of the Issuer ranking or expressed to rank junior to the Undated Subordinated Notes,

in each case, other than (i) a dividend or interest payment which has been declared by the Issuer or any such subsidiary undertaking on such share capital, security or obligation (as the case may be) prior to the date on which the decision to opt to defer the interest which would otherwise be due on the Notes on such date is notified to the Noteholders in accordance with Condition 16 (*Notices*) and/or (ii) a dividend or interest payment on any such share capital, security or other obligation, the terms of which do not permit the issuer thereof to defer, pass, cancel or eliminate the relevant distribution, dividend or other payment.

Notwithstanding the foregoing, if notice is given by the Issuer of its intention to pay the whole or part of Arrears of Interest in respect of the Undated Subordinated Notes, the issuer shall be obliged (subject to the provisions of Condition 3 (*Status*)) to do so upon the expiration of such notice. Where Arrears of Interest are paid in part, each part payment shall be applied in payment of the Arrears of Interest accrued due in respect of the relative Interest Date (or consecutive Interest Dates) furthest from the date of payment. Arrears of Interest shall not themselves bear interest.

- (ii) In these Conditions, the following expressions have the following meanings:

"Capital Breach Event" means the occurrence of a breach by the Issuer of the United Kingdom capital adequacy requirements, guidelines or measures or any other regulatory capital or capital resources requirements, guidelines or measures applicable to the Issuer (whether or not such requirements, guidelines or measures have the force of law and whether they are applied generally or specifically to the Issuer);

"Capital Disqualification Event" is deemed to have occurred (1) if the Undated Subordinated Notes would cease to be eligible to qualify (save where such non-qualification is only as a result of any applicable limitation on the amount of such capital) as regulatory capital for the Issuer on a solo and/or consolidated basis under the applicable Capital Resources Requirement; or (2) if, at any time the Issuer is required under the Capital Resources Requirement to have Tier 2 Capital, the Notes would no longer be eligible to qualify (save where such non-qualification is only as a result of any applicable limitation on the amount of such capital) for inclusion in the Tier 2 Capital of the Issuer on a solo and/or consolidated basis;

"Interest Accrual Period" means the period from (and including) the Interest Commencement Date up to (but excluding) the first Interest Date or, as the case may be, the period from (and including) one Interest Date up to (but excluding) the next Interest Date; and

"Interest Date" means any date on which interest is, or (but for this paragraph (m)) would be, payable pursuant to this Condition 5 (*Interest and other Calculations*).

6. **Redemption, Purchase and Options**

(a) **Redemption by Instalments and Final Redemption:**

- (i) Unless previously redeemed, purchased and cancelled as provided in this Condition 6 (*Redemption, Purchase and Options*), each Note that provides for Instalment Dates and Instalment Amounts shall be partially redeemed on each Instalment Date at the related Instalment Amount specified in the relevant Final Terms. The outstanding nominal amount of each such Note shall be reduced by the Instalment Amount (or, if such Instalment Amount is calculated by reference to a proportion of the nominal amount of such Note, such proportion) for all purposes with effect from the related Instalment Date, unless payment of the Instalment Amount is improperly withheld or refused, in which case, such amount shall remain outstanding until the Relevant Date relating to such Instalment Amount.
- (ii) Unless previously redeemed or purchased and cancelled as provided below, each Senior Note and each Dated Subordinated Note shall be finally redeemed on the Maturity Date specified in the relevant Final Terms at its Final Redemption Amount (which, unless otherwise provided in the relevant Final Terms, is its nominal amount) or, in the case of a Note falling within paragraph (i) above, its final Instalment Amount. Undated Subordinated Notes have no final maturity and are only redeemable in accordance with the following provisions of this Condition 6 (*Redemption, Purchase and Options*) or Condition 10 (*Events of Default*).

(b) **Early Redemption:**

- (i) *Zero Coupon Notes:*
- (A) The Early Redemption Amount payable in respect of any Zero Coupon Note upon redemption of such Note pursuant to Condition (c) (*Redemption for Taxation Reasons*), Condition 6(e) (*Redemption following Hedging Disruption*) or upon it becoming due and payable as provided in Condition 10 (*Events of Default*) shall be the Amortised Face Amount (calculated as provided below) of such Note unless Fair Market Value is specified as the Early Redemption Amount in the relevant Final Terms.

- (B) Subject to the provisions of sub-paragraph (C) below, the Amortised Face Amount of any such Note shall be the scheduled Final Redemption Amount of such Note on the Maturity Date discounted at a rate per annum (expressed as a percentage) equal to the Amortisation Yield (which, if none is specified in the relevant Final Terms, shall be such rate as would produce an Amortised Face Amount equal to the issue price of the Notes if they were discounted back to their issue price on the Issue Date) compounded annually.
- (C) If the Early Redemption Amount payable in respect of any such Note upon its redemption pursuant to Condition 6(c) (*Redemption for Taxation Reasons*), Condition 6(d) (*Redemption due to Capital Disqualification Event*) or Condition 6(e) (*Redemption following Hedging Disruption*) or upon it becoming due and payable as provided in Condition 10 (*Events of Default*) is not paid when due, the Early Redemption Amount due and payable in respect of such Note shall be the Amortised Face Amount of such Note as defined in sub-paragraph (B) above (if applicable), except that such sub-paragraph shall have effect as though the date on which the Note becomes due and payable were the Relevant Date. The calculation of the Amortised Face Amount in accordance with this sub-paragraph shall continue to be made (both before and after judgment) until the Relevant Date, unless the Relevant Date falls on or after the Maturity Date, in which case the amount due and payable shall be the scheduled Final Redemption Amount of such Note on the Maturity Date together with any interest that may accrue in accordance with Condition 5(c) (*Zero Coupon Notes*).

Where such calculation is to be made for a period of less than one year, it shall be made on the basis of the Day Count Fraction specified in the relevant Final Terms.

- (ii) *Other Notes*: The Early Redemption Amount payable in respect of any Note (other than Notes described in (i) above), upon redemption of such Note pursuant to Condition 6(c) (*Redemption for Taxation Reasons*), Condition 6(d) (*Redemption due to Capital Disqualification Event*) or Condition 6(e) (*Redemption following Hedging Disruption*) or upon it becoming due and payable as provided in Condition 10 (*Events of Default*), shall be such amount as is specified in the relevant Final Terms.
- (iii) If "**Fair Market Value**" is specified as the Early Redemption Amount in the Final Terms, the Early Redemption Amount per Note shall be such Note's *pro rata* share of an amount determined in good faith and in a commercially reasonable manner by the Calculation Agent (or, if there is no Calculation Agent, the Issuer or, following an Event of Default, the Trustee or an appointee of the Trustee) to be the fair market value of the Notes immediately prior to (and ignoring the circumstances leading to) such early redemption with reference to then existing market factors, including, but not limited to, the remaining time to maturity, the prevailing interest rate yield curve(s) and such other pricing sources and methods (which may include, without limitation, available prices for securities with similar maturities, terms and credit characteristics as the Notes) as the Calculation Agent considers appropriate, adjusted to account fully for any reasonable expenses and costs of the Issuer of unwinding, liquidating, obtaining or re-establishing any underlying and/or related hedging, trading positions and funding arrangements (including, without limitation, any options, swaps or other instruments of any type whatsoever hedging the Issuer's obligations under the Notes).

- (c) **Redemption for Taxation Reasons:** The Notes of any Series may (subject, in the case of the Dated Subordinated Notes and the Undated Subordinated Notes, to the provisions of Condition 6(j) (*Redemption of Dated Subordinated Notes and Undated Subordinated Notes*) and, in the case of the Undated Subordinated Notes, Condition 3(b)(ii) (*Status and Subordination of Subordinated Notes*)) be redeemed at the option of the Issuer in whole, but not in part, at any time (in the case of a Note other than a Floating Rate Note) or only on an Interest Payment Date (in the case of a Floating Rate Note) on giving not less than 30 nor more than 60 days' notice to the Trustee and the Agent and, in accordance with Condition 16 (*Notices*), the Noteholders (which notice shall be irrevocable and shall specify the date fixed for redemption), at their Early Redemption Amount (as determined in accordance with paragraph (b) above), if the Issuer satisfies the Trustee immediately prior to the giving of such notice that:
- (i) it has or will or would, but for redemption, become obliged to pay additional amounts as provided or referred to in Condition 8 (*Taxation*) in respect of any of the Notes of such Series;
 - (ii) the payment of interest in respect of any of the Notes of such Series would be a "**distribution**" for United Kingdom tax purposes; or
 - (iii) in respect of the payment of interest in respect of any of the Notes of such Series, the Issuer would not to any material extent be entitled to have any attributable loss or non-trading deficit set against the profits of companies with which it is grouped for applicable United Kingdom tax purposes (whether under the group relief system current as at the date on which agreement is reached to issue the first Tranche of Notes of such Series or any similar system or systems having like effect as may from time to time exist),

in each such case, as a result of any change in, or amendment to, the laws or regulations of the United Kingdom or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after the date on which agreement is reached to issue the first Tranche of Notes of that Series and cannot be avoided by the Issuer taking reasonable steps available to it, **provided that** no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer would be obliged to pay such additional amounts as referred to in paragraph (i) above, would be treated as making distributions as referred to in paragraph (ii) above or would not be entitled to have the loss or non-trading deficit set against the profits as referred to in paragraph (iii) above were a payment in respect of the Notes of that Series then due. Upon the expiration of such notice the Issuer shall be bound to redeem such Notes at their Early Redemption Amount together with interest accrued to (but excluding) the date of redemption and, in the case of Undated Subordinated Notes, all Arrears of Interest (if any) as aforesaid. Prior to the publication of any notice of redemption pursuant to this Condition 6(c) (*Redemption for Taxation Reasons*), the Issuer shall deliver to the Trustee a certificate signed by two Directors stating that the obligation or treatment, as the case may be, referred to above cannot be avoided by the Issuer taking reasonable measures available to it and the Trustee shall be entitled to accept such certificate as sufficient evidence of the satisfaction of the condition precedent set out above, in which event it shall be conclusive and binding on Noteholders and Couponholders.

- (d) **Redemption due to Capital Disqualification Event:** Any Series of Dated Subordinated Notes or Undated Subordinated Notes may, subject to the provisions of Condition 6(j) (*Redemption of Dated Subordinated Notes and Undated Subordinated Notes*) and, in the case of Undated Subordinated Notes, Condition 3(b)(ii) (*Status and Subordination of Subordinated Notes*), be redeemed at the option of the Issuer in whole, but not in part, at any time (in the case of a Note other than a Floating Rate Note) or only on an Interest Payment Date (in the case of a Floating Rate Note) on giving not less than 30 nor more than 60 days' notice to the Trustee and the Agent and, in accordance with Condition 16 (*Notices*), the Noteholders (which notice shall be irrevocable), if the Issuer satisfies the Trustee immediately prior to the giving of such notice that a Capital Disqualification Event has occurred and is continuing.

Upon the expiration of such notice, the Issuer shall be bound to redeem such Notes at their Early Redemption Amount (as determined in accordance with paragraph (b) above) together with

interest accrued to (but excluding) the date of redemption and, in the case of Undated Subordinated Notes, all Arrears of Interest (if any) as aforesaid.

- (e) **Redemption following Hedging Disruption:** Unless this Condition 6(e) is specified as not applicable in the relevant Final Terms, if in relation to a Series of Notes Calculation Agent or (if there is no Calculation Agent) the Issuer determines that a Hedging Event (as defined below) has occurred, and for as long as a Hedging Event is continuing, the Issuer, having given not less than 15 nor more than 30 days' irrevocable notice to the Noteholders, may, on expiry of such notice redeem all, but not some only, of the Notes, each Note being redeemed at its Early Redemption Amount together (if appropriate) with interest accrued to (but excluding) the date of redemption.

"**Hedging Event**" means the occurrence of either of the following events or circumstances arising due to any reason (including but not limited to the adoption of, application of or change of any applicable law or regulation after the Issue Date of a Series of Notes):

- (i) it becomes impossible or impracticable for the Issuer or its counterparty of any hedging transaction to:
- (A) acquire, establish, re-establish, substitute, maintain, unwind or dispose of any transaction(s) or asset(s) it deems necessary to hedge its obligations with respect to the relevant Notes (a "**Hedging Transaction**"); or
 - (B) realise, recover or remit the proceeds of any such Hedging Transaction; or
- (ii) the Issuer or the counterparty under such Hedging Transaction would be subject to an increased cost (as compared to the circumstances existing on the Issue Date in respect of such Series of Notes) in entering into or maintaining any Hedging Transaction (including, but not limited to, any internal cost arising as a result of compliance with any applicable law or regulation),

in each case as determined by the Calculation Agent or, if there is no Calculation Agent, the Issuer, in its sole and absolute discretion.

- (f) **Redemption at the Option of the Issuer:** If Call Option is specified in the relevant Final Terms, the Issuer may (subject, in the case of the Dated Subordinated Notes and the Undated Subordinated Notes, to the provisions of Condition 6(j) (*Redemption of Dated Subordinated Notes and Undated Subordinated Notes*) and, in the case of the Undated Subordinated Notes, Condition 3(b)(ii) (*Status and Subordination of Subordinated Notes*) and unless otherwise specified in the applicable Final Terms), on giving not less than 15 nor more than 30 days' irrevocable notice to the Noteholders, redeem all or, if so provided, some of the Notes on any Optional Redemption Date. Any such redemption of Notes shall be at their Optional Redemption Amount together with interest accrued to the date fixed for redemption and in the case of Undated Subordinated Notes all Arrears of Interest (if any) as provided in Condition 5(k) (*Deferral of Interest on Undated Subordinated Notes*). Any such redemption or exercise must relate to Notes of a nominal amount at least equal to the Minimum Redemption Amount to be redeemed specified in the relevant Final Terms and no greater than the Maximum Redemption Amount to be redeemed specified in the relevant Final Terms.

All Notes in respect of which any such notice is given shall be redeemed on the date specified in such notice in accordance with this Condition.

In the case of a partial redemption the notice to Noteholders shall also contain the certificate numbers of the Bearer Notes, or in the case of Registered Notes shall specify the nominal amount of Registered Notes drawn and the holder(s) of such Registered Notes to be redeemed, which shall have been drawn in such place as the Trustee may approve and in such manner as it deems appropriate, subject to compliance with any applicable laws and stock exchange or other relevant authority requirements.

- (g) **Redemption at the Option of Noteholders (other than holders of Subordinated Notes):** If Put Option is specified in the relevant Final Terms and this is a Senior Note, the Issuer shall, at the option of the holder of any such Senior Note, upon the holder of such Senior Note giving not less than 15 nor more than 30 days' notice to the Issuer, redeem such Senior Note on the Optional

Redemption Date(s) at its Optional Redemption Amount together with interest accrued to the date fixed for redemption.

To exercise such option the holder must deposit (in the case of Bearer Notes) such Senior Note (together with all unmatured Receipts and Coupons and unexchanged Talons) with any Paying Agent or (in the case of Registered Notes) the Certificate representing such Senior Note(s) with the Registrar or any Transfer Agent at its specified office, together with a duly completed option exercise notice ("**Exercise Notice**") in the form obtainable from any Paying Agent, the Registrar or any Transfer Agent (as applicable) within the notice period. No Senior Note or Certificate so deposited and option exercised may be withdrawn (except as provided in the Agency Agreement) without the prior consent of the Issuer.

Condition 6(g) (Redemption at the Option of Noteholders (other than holders of Subordinated Notes)) is not applicable to Dated Subordinated Notes or Undated Subordinated Notes.

- (h) **Purchases:** The Issuer, its Subsidiaries, any holding company of the Issuer or any subsidiary of such holding company may (subject, in the case of the Dated Subordinated Notes and the Undated Subordinated Notes, to the prior consent of, or notification to and no objection being raised by, the PRA), in each case solely to the extent then required) at any time purchase Notes (**provided that** all unmatured Receipts and Coupons and unexchanged Talons relating thereto are attached thereto or surrendered therewith) in the open market or otherwise at any price.
- (i) **Cancellation:** All Notes purchased by or on behalf of the Issuer or any of its Subsidiaries may be surrendered for cancellation, in the case of Bearer Notes, by surrendering each such Note together with all unmatured Receipts and 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 forthwith (together with all unmatured Receipts and Coupons and unexchanged Talons attached thereto or surrendered therewith). Any Notes so surrendered for cancellation may not be reissued or resold and the obligations of the Issuer in respect of any such Notes shall be discharged.
- (j) **Redemption of Dated Subordinated Notes and Undated Subordinated Notes:** Undated Subordinated Notes and (in the case only of redemption prior to the relevant Maturity Date) Dated Subordinated Notes may only be redeemed by the Issuer pursuant to Condition 6(c) (*Redemption for Taxation Reasons*), Condition 6(d) (*Redemption due to Capital Disqualification Event*), Condition 6(e) (*Redemption following Hedging Disruption*) or 6(f) (*Redemption at the Option of the Issuer*) **provided that:**
 - (i) the Issuer has notified the PRA of its intention to do so at least one month (or such other period, longer or shorter, as the PRA may then require or accept) prior to the date it becomes committed to the proposed repayment and no objection thereto has been raised by the PRA or the PRA has provided its consent thereto (if required); and
 - (ii) (other than in the case of a redemption in accordance with Condition 6(f) (*Redemption at the Option of the Issuer*)) the Issuer has satisfied the Trustee that, both at the time when the notice of redemption is given and immediately following such redemption, the Issuer (a) is or will be (as the case may be) in compliance with its Capital Resources Requirement and (b) will have sufficient financial resources to meet the Overall Financial Adequacy Rule (except to the extent that the PRA no longer so requires). A certificate from any two Directors confirming such compliance shall be conclusive evidence of such compliance.

There is no fixed redemption date for Undated Subordinated Notes and the Issuer shall (subject to the provisions of Condition 6(c) (*Redemption for Taxation Reasons*), Condition 6(d) (*Redemption due to Capital Disqualification Event*), Condition 6(e) (*Redemption following Hedging Disruption*), Condition 6(f) (*Redemption at the Option of the Issuer*) or this Condition 6(j) (*Redemption of Dated Subordinated Notes and Undated Subordinated Notes*) and Condition 10 (*Events of Default*)) only have the right to repay them in accordance with such provisions as may be specified in the applicable Final Terms.

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 Receipts (in the case of payments of Instalment Amounts other than on the due date for redemption and **provided that** the Receipt is presented for payment together with its relative Note), Notes (in the case of all other payments of principal and, in the case of interest, as specified in Condition (f)(vi) (*Unmatured Coupons and Receipts and unexchanged Talons*) or Coupons (in the case of interest, save as specified in Condition 7(f)(ii) (*Unmatured Coupons and Receipts and unexchanged Talons*)), as the case may be, at the specified office of any Paying Agent outside the United States by a cheque payable in the relevant currency drawn on, or, at the option of the holder, by transfer to an account denominated in such currency with, a Bank. "**Bank**" means 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 (which for the purposes of this Condition 7(b) (*Registered Notes*) shall include final Instalment Amounts but not other Instalment Amounts) 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 paragraph (ii) below.
- (ii) Interest (which for the purpose of this Condition 7(b) (*Registered Notes*) shall include all Instalment Amounts other than final Instalment Amounts) 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 by cheque drawn on a Bank and mailed to the holder (or to the first named of joint holders) of such Note at its address appearing in the Register. Upon application by the holder to the specified office of the Registrar or any Transfer Agent before the Record Date, such payment of interest may be made by transfer to an account in the relevant currency maintained by the payee with a Bank.
- (c) **Payments in the United States:** 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 United States 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 United States law, without involving, in the opinion of the Issuer, any adverse tax consequence to the Issuer.
- (d) **Payments subject to Fiscal Laws:** All payments are subject in all cases to any applicable fiscal or other laws, regulations and directives in the place of payment, but without prejudice to the provisions of Condition 8 (*Taxation*). No commission 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 and their respective specified offices are listed below. 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 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 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) so long as any Registered Notes are outstanding, a Transfer Agent in relation to Registered Notes, (iv) one or more Calculation Agent(s) if so specified in the applicable Final Terms, (v) so long as any Bearer

Notes are outstanding, Paying Agents having specified offices in at least two major European cities, (vi) such other agents as may be required by any other stock exchange on which the Notes may be listed in each case, as approved by the Trustee and (vii) so long as any Bearer Notes are outstanding, a Paying Agent with a specified office in a European Union member state that will not be obliged to withhold or deduct tax pursuant to any law implementing European Council Directive 2003/48/EC or any other Directive implementing the conclusions of the ECOFIN Council meeting of 26-27 November 2000.

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 paragraph (c) above.

Notice of any such change or any change of any specified office shall promptly be given to the Noteholders.

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

- (i) Upon the due date for redemption of Bearer Notes which comprise Fixed Rate Notes, the Bearer Note should be surrendered for payment together with all unexpired Coupons (if any) relating thereto, failing which an amount equal to the face value of each missing unexpired Coupon (or, in the case of payment not being made in full, that proportion of the amount of such missing unexpired Coupon that the sum of principal so paid bears to the total principal due) shall be deducted from the Final Redemption Amount, Early Redemption Amount or Optional Redemption Amount, as the case may be, 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 (*Prescription*)).
- (ii) Upon the due date for redemption of any Bearer Note comprising a Floating Rate Note, unexpired 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) Upon the due date for redemption of any Bearer Note that is redeemable in instalments, all Receipts relating to such Note having an Instalment Date falling on or after such due date (whether or not attached) shall become void and no payment shall be made in respect of them.
- (v) Where any Bearer Note that provides that the relative unexpired Coupons are to become void upon the due date for redemption of those Notes is presented for redemption without all unexpired 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.
- (vi) 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 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 (*Prescription*)).

- (h) **Non-Business Days:** If any date for payment in respect of any Note, Receipt 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 "**Financial Centres**" in the relevant Final Terms 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.
- (i) **Undated Subordinated Notes:** In relation to any Undated Subordinated Note in definitive form, if any payment is to be made in respect of interest the Interest Date for which falls on or after the date on which the Winding Up of the Issuer is deemed to have commenced or notice has been given by the administrator of the Issuer of a Qualifying Administration of the Issuer (as the case may be), such payment shall be made only against presentation of the relevant Note and the Coupon for any such Interest Date shall be void. In addition, any Undated Subordinated Note in definitive form presented for payment after an order is made or an effective resolution is passed for the Winding Up of the Issuer or after notice has been given by the administrator of the Issuer of a Qualifying Administration of the Issuer (as the case may be) must be presented together with all Coupons in respect of Arrears of Interest relating to Interest Dates falling prior to such commencement of the Winding Up of the Issuer or the giving of such notice by the administrator, failing which there shall be withheld from any payment otherwise due to the holder of such Undated Subordinated Note such proportion thereof as the Arrears of Interest due in respect of any such missing Coupon bears to the total of the principal amount of the relevant Undated Subordinated Note, all Arrears of Interest in respect thereof and interest (other than Arrears of Interest) accrued on such Undated Subordinated Note in respect of the Interest Accrual Period current at the date of the commencement of the Winding Up or Qualifying Administration.

8. **Taxation**

All payments of principal and interest by or on behalf of the Issuer in respect of the Notes, the Receipts and the Coupons shall be made free and clear of, and without withholding or deduction for, any taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or within the United Kingdom or any authority therein or thereof having power to tax, unless such withholding or deduction is required by law. In that event, the Issuer shall pay (subject, in the case of the Undated Subordinated Notes, to Condition 3(b)(ii)(*Status and Subordination of Subordinated Notes*)) such additional amounts as shall result in receipt by the Noteholders and Couponholders of such amounts as would have been received by them had no such withholding or deduction been required, except that no such additional amounts shall be payable with respect to any Note, Receipt or Coupon:

- (a) **Other connection:** to, or to a third party on behalf of, a holder who is liable to such taxes, duties, assessments or governmental charges in respect of such Note, Receipt or Coupon by reason of his having some connection with the United Kingdom, other than the mere holding of the Note, Receipt or Coupon; or
- (b) **Lawful avoidance of withholding:** to, or to a third party on behalf of, a holder who could lawfully avoid (but has not so avoided) such deduction or withholding by complying or procuring that any third party complies with any statutory requirements or by making or procuring that any third party makes a declaration of non-residence or other similar claim for exemption to any tax authority in the place where the relevant Note (or the Certificate representing it), Receipt or Coupon is presented for payment; or
- (c) **Presentation more than 30 days after the Relevant Date:** presented (or in respect of which the Certificate representing it is presented) for payment more than 30 days after the Relevant Date except to the extent that the holder of it would have been entitled to such additional amounts on presenting it for payment on the thirtieth day; or

- (d) **Payment to individuals:** where such withholding or deduction is imposed on a payment to an individual and is required to be made pursuant to European Council Directive 2003/48/EC or any other Directive implementing the conclusions of the ECOFIN Council meeting of 26-27 November 2000 on the taxation of savings income or any law implementing or complying with, or introduced to conform to, such Directive; or
- (e) **Payment by another Paying Agent:** (except in the case of Registered Notes) presented for payment by or on behalf of a holder who would have been able to avoid such withholding or deduction by presenting the relevant Note, Receipt or Coupon to another Paying Agent in a member state of the European Union.

As used in these Conditions, "**Relevant Date**" in respect of any Note, Receipt 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), Receipt or Coupon being made in accordance with the 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, all Instalment Amounts, Final Redemption Amounts, Early Redemption Amounts, Optional Redemption Amounts, Amortised Face Amounts and all other amounts in the nature of principal payable pursuant to Condition 6 (*Redemption, Purchase and Options*) 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 (*Interest and other Calculations*) or any amendment or supplement to it and (iii) "**principal**" and/or "**interest**" shall be deemed to include any additional amounts that may be payable under this Condition or any undertaking given in addition to or in substitution for it under the Trust Deed.

Notwithstanding any other provision in these Conditions, the Issuer, and the Paying Agents, shall be permitted to withhold or deduct any amounts required by the rules of U.S. Internal Revenue Code Sections 1471 through 1474 (or any amended or successor provisions), pursuant to any inter-governmental agreement, or implementing legislation adopted by another jurisdiction in connection with these provisions, or pursuant to any agreement with the US IRS ("**FATCA withholding**"). The Issuer will have no obligation to pay additional amounts or otherwise indemnify a holder for any FATCA withholding deducted or withheld by the Issuer, a Paying Agent or any other party as a result of any person (other than an agent of the Issuer) not being entitled to receive payments free of FATCA withholding.

9. **Prescription**

Claims against the Issuer for payment in respect of the Notes, Receipts 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) from the appropriate Relevant Date in respect of them.

10. **Events of Default**

- (a) **Senior Notes:** This Condition 10(a) (*Senior Notes*) only applies to Senior Notes. If any of the following events (each an "**Event of Default**") occurs and is continuing, the Trustee at its discretion may, and if so requested by holders of at least one-fifth in nominal amount of the Notes then outstanding (as defined in the Trust Deed) or if so directed by an Extraordinary Resolution (as defined in the Trust Deed) of the Noteholders shall (subject in each case to being indemnified and/or secured and/or prefunded to its satisfaction), give notice to the Issuer that the Senior Notes are, and they shall immediately become, due and payable at their Early Redemption Amount (determined in accordance with Condition 6(b)(*Early Redemption*)) together (if applicable) with accrued interest (if any):

- (i) **Non-Payment:** default is made for more than 14 days (in the case of interest) or seven days (in the case of principal) in the payment on the due date of interest or principal in respect of any of the Notes; or

- (ii) **Breach of Other Obligations:** the Issuer fails to perform or observe any of its other obligations under the Senior Notes or the Trust Deed (except in any case where the Trustee considers the failure to be incapable of remedy, when no such continuation or notice as is described in this Condition 10(ii) (*Breach of Other Obligations*) shall be required) and such failure continues for the period of 45 days (or such longer period as the Trustee may permit) next following the service by the Trustee on the Issuer of notice requiring the same to be remedied; or
- (iii) **Cross-Default:** (A) any indebtedness for borrowed money of the Issuer or any Material Subsidiary (a) is not paid on the due date for payment, as extended by any applicable grace period, or (b) becomes due and payable prior to its stated maturity by reason of an event of default (howsoever described), or (B) any guarantee of or indemnity in respect of any payment in respect of indebtedness for borrowed money of any third party given by the Issuer or any Material Subsidiary (other than a guarantee or indemnity in respect of indebtedness for borrowed money of a Subsidiary of the Issuer owing to the Issuer or any of its Subsidiaries) is not honoured when it becomes due and is called upon (or within any originally applicable grace period) or (C) any security given by the Issuer or any Material Subsidiary for any indebtedness becomes enforceable and the holder thereof takes any steps to enforce it, **provided that** no such event shall constitute an Event of Default unless the indebtedness or other relative liability either alone or when aggregated with the principal amount of other indebtedness for borrowed money or other relative liability shall amount to at least £15,000,000 (or its equivalent in any other currency) and **provided further that**, for the purposes of this Condition 10(iii) (*Cross-Default*), neither the Issuer nor any Material Subsidiary shall be deemed to be in default with respect to any such indebtedness, guarantee or indemnity if it is taking action in good faith in appropriate legal proceedings to dispute its liability to make payment thereunder and has been advised by independent legal advisers of recognised standing that it is reasonable for it to do so; or
- (iv) **Enforcement Proceedings:** a distress, attachment, execution or other legal process is levied, enforced or sued out on or against all or a substantial part of the property, assets or revenues of the Issuer or any of its Material Subsidiaries and is not discharged or stayed within 90 days; or
- (v) **Security Enforced:** any mortgage, charge, pledge, lien or other encumbrance, present or future, created over all or a substantial part of the property, assets or revenues of the Issuer or any of its Material Subsidiaries or assumed by the Issuer or any of its Material Subsidiaries becomes enforceable and any step is taken to enforce it (including the taking of possession or the appointment of a receiver, administrative receiver, administrator, manager or other similar person) and not dismissed, discharged or stayed within 45 days; or
- (vi) **Insolvency:** the Issuer or any of its Material Subsidiaries is (or is, or could be, deemed by law or a court to be) insolvent or bankrupt or unable to pay its debts, stops, suspends or threatens to stop or suspend payment of all or a material part of (or of a particular type of) its debts, proposes or makes a general assignment or an arrangement or composition with or for the benefit of the relevant creditors in respect of any of such debts or a moratorium is agreed or declared in respect of or affecting all or any part of (or of a particular type of) the debts of the Issuer or any of its Material Subsidiaries; or
- (vii) **Winding-up:** an administrator is appointed or an order is made or an effective resolution passed for the winding-up or dissolution of the Issuer or any of its Material Subsidiaries and any resulting administration or winding-up or dissolution process remains undismissed for 45 days, or the Issuer or any of its Material Subsidiaries shall apply or petition for a winding-up or administration order in respect of itself or ceases or through an official action of its board of directors threatens to cease to carry on all or substantially all of its business or operations, in each case except (a) for the purpose of and followed by a reconstruction, amalgamation, reorganisation, merger, consolidation or substitution (i) on terms approved by the Trustee or by an Extraordinary Resolution (as defined in the Trust Deed) of the Noteholders or (ii) in the case of a Material Subsidiary, whereby the undertaking and assets of the Subsidiary are transferred to or

otherwise vested in the Issuer or another of its Material Subsidiaries or (b) a disposal on an arm's length basis of any assets or any part of the business of a Material Subsidiary; or

- (viii) **Authorisation and Consents:** any action, condition or thing (including the obtaining or effecting of any necessary consent, approval, authorisation, exemption, filing, licence, order, recording or registration) at any time required to be taken, fulfilled or done in order (i) to enable the Issuer lawfully to enter into, exercise its rights and perform and comply with its obligations under the Notes and the Trust Deed, (ii) to ensure that those obligations are legally binding and enforceable and (iii) to make the Notes and the Trust Deed admissible in evidence in the courts of England is not taken, fulfilled or done,

provided that, other than in the case of paragraphs (i) and (in the case of the Issuer only) (vii) above, the Trustee shall have certified that in its opinion such event is materially prejudicial to the interests of the Noteholders.

- (b) **Subordinated Notes:** This Condition 10(b) (*Subordinated Notes*) only applies to Subordinated Notes.

- (i) If default is made in the payment of any principal in respect of the Notes for a period of 14 days or more after the due date for the same, or in the payment of any interest or Arrears of Interest for a period of 14 days or more after the date on which any payment of interest or Arrears of Interest is due (each an "**Event of Default**"), the Trustee may, subject as provided in Conditions 12(a)(i) and (ii) (*Enforcement*), at its discretion and without further notice, institute proceedings for the winding-up of the Issuer in England (but not elsewhere) and/or prove in any winding-up or administration of the Issuer (whether in England or elsewhere), but may take no other action in respect of such default.

The right to institute winding up proceedings is limited to circumstances where the relevant payment of principal or interest (as the case may be) has become due. In the case of Undated Subordinated Notes, no principal, premium, interest or any other amount will be due unless the condition to payment set out in Condition 3(b) (Status and Subordination of Subordinated Notes) is satisfied. Also, in the case of any payment of interest in relation to Undated Subordinated Notes or Dated Subordinated Notes that are Upper Tier 3 Capital, such payment will not be due if the Issuer has elected to defer that payment pursuant to Condition 5(k) (Deferral of Interest on Undated Subordinated Notes) or 3(c) (Dated Subordinated Notes: Deferral of Payments) respectively.

- (ii) The Trustee may, subject as provided in Conditions 12(a)(i) and (ii) (*Enforcement*), institute such proceedings against the Issuer as it may think fit to enforce any obligation, condition or provision binding on the Issuer under the Trust Deed or the Notes (other than any obligation for payment of any principal or interest in respect of the Notes including any damages for breach of any obligation) **provided that** the Issuer shall not by virtue of any such proceedings (save for any proceedings for the winding-up of the Issuer) be obliged to pay (i) any sum or sums representing or measured by reference to principal or interest in respect of the Notes sooner than the same would otherwise have been payable by it or (ii) any damages (save in respect of the Trustee's fees and expenses incurred by it in its personal capacity).

The restriction in Condition (ii) (Subordinated Notes) on the payment of damages has the effect of limiting the remedies available to the Trustee and the Noteholders in the event of a breach of certain covenants (other than payment covenants) by the Issuer.

- (iii) If, other than in the case of Undated Subordinated Notes, in the event of the commencement of the winding-up of the Issuer (except in any such case a winding-up for the purpose of a reconstruction, amalgamation, merger, consolidation or the substitution in place of the Issuer of a successor in business the terms of which have previously been approved in writing by the Trustee or by an Extraordinary Resolution (as defined in the Trust Deed) of the Noteholders) (also an "**Event of Default**"), the Trustee at its discretion may, and if so requested in writing by the holders of at least

one-fifth in nominal amount of the Notes then outstanding (as defined in the Trust Deed) or so directed by an Extraordinary Resolution of the Noteholders shall, (subject to it first being indemnified and/or secured and/or prefunded to its satisfaction), (i) give notice to the Issuer that the Notes are immediately due and repayable (and the Notes shall thereby become so due and repayable) at their principal amount together with accrued interest as provided in the Trust Deed and/or (ii) prove in the winding-up or administration of the Issuer.

The Issuer has undertaken in the Trust Deed forthwith to give notice in writing to the Trustee of the occurrence of any Event of Default referred to in Conditions 10(a)(i) and 10(a)(iii) (Senior Notes) and 10(b) (Subordinated Notes) above.

(c) **Interpretation**

For the purposes of Condition 10(a) (*Senior Notes*), a "**Material Subsidiary**" means at any time a Subsidiary of the Issuer:

- (i) whose total operating income (consolidated in the case of a Subsidiary which itself has Subsidiaries) or whose total assets (consolidated in the case of a Subsidiary which itself has Subsidiaries) represent in each case (or, in the case of a Subsidiary acquired after the end of the financial period to which the then latest audited consolidated accounts of the Issuer and its Subsidiaries relate, are equal to) not less than 5 per cent. Of the consolidated total operating income of the Issuer, or, as the case may be, consolidated total assets, of the Issuer and its Subsidiaries taken as a whole, all as calculated respectively by reference to the then latest audited accounts (consolidated or, as the case may be, unconsolidated) of such Subsidiary and the then latest audited consolidated accounts of the Issuer and its Subsidiaries, **provided that** in the case of a Subsidiary of the Issuer acquired after the end of the financial period to which the then latest audited consolidated accounts of the Issuer and its Subsidiaries relate, the reference to the then latest audited consolidated accounts of the Issuer and its Subsidiaries for the purposes of the calculation above shall, until consolidated accounts for the financial period in which the acquisition is made have been prepared and audited as aforesaid, be deemed to be a reference to such first-mentioned accounts as if such Subsidiary had been shown in such accounts by reference to its then latest relevant audited accounts, adjusted as deemed appropriate by the Issuer;
- (ii) to which is transferred the whole or substantially the whole of the undertaking and assets of a Subsidiary of the Issuer which immediately prior to such transfer is a Material Subsidiary, **provided that** the transferor Subsidiary shall upon such transfer forthwith cease to be a Material Subsidiary and the transferee Subsidiary shall cease to be a Material Subsidiary pursuant to this sub-paragraph (ii) on the date on which the consolidated accounts of the Issuer and its Subsidiaries for the financial period current at the date of such transfer have been prepared and audited as aforesaid but so that such transferor Subsidiary or such transferee Subsidiary may be a Material Subsidiary on or at any time after the date on which such consolidated accounts have been prepared and audited as aforesaid by virtue of the provisions of sub-paragraph (c)(i) above or, prior to or after such date, by virtue of any other applicable provision of this definition; or
- (iii) to which is transferred an undertaking or assets which, taken together with the undertaking or assets of the transferee Subsidiary, generated (or, in the case of the transferee Subsidiary being acquired after the end of the financial period to which the then latest audited consolidated accounts of the Issuer and its Subsidiaries relate, generate total operating income equal to) not less than 5 per cent. Of the consolidated total operating income of the Issuer, or represent (or, in the case aforesaid, are equal to) not less than 5 per cent. Of the consolidated total assets of the Issuer and its Subsidiaries taken as a whole, all as calculated as referred to in sub-paragraph (ac)(i) above, **provided that** the transferor Subsidiary (if a Material Subsidiary) shall upon such transfer forthwith cease to be a Material Subsidiary unless immediately following such transfer its undertaking and assets generate (or, in the case aforesaid, generate total operating income equal to) not less than 5 per cent. Of the consolidated total operating income of the Issuer, or its assets represent (or, in the case aforesaid, are equal to) not

less than 5 per cent. Of the consolidated total assets of the Issuer and its Subsidiaries taken as a whole, all as calculated as referred to in sub-paragraph (c)(i) above, and the transferee Subsidiary shall cease to be a Material Subsidiary pursuant to this sub-paragraph (c)(iii) on the date on which the consolidated accounts of the Issuer and its Subsidiaries for the financial period current at the date of such transfer have been prepared and audited but so that such transferor Subsidiary or such transferee Subsidiary may be a Material Subsidiary on or at any time after the date on which such consolidated accounts have been prepared and audited as aforesaid by virtue of the provisions of sub-paragraph (c)(i) above or, prior to or after such date, by virtue of any other applicable provision of this definition, all as more particularly defined in the Trust Deed.

(d) **Reports**

A report by two Directors of the Issuer whether or not addressed to the Trustee that in their opinion a Subsidiary of the Issuer is or is not or was or was not at any particular time or throughout any specified period a Material Subsidiary may be relied upon by the Trustee without further enquiry or evidence and, if relied upon by the Trustee, shall, in the absence of manifest error, be conclusive and binding on all parties.

11. **Meetings of Noteholders, Modification, Waiver and Substitution**

- (a) **Meetings of Noteholders:** The Trust Deed contains provisions for convening meetings of Noteholders to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution (as defined in the Trust Deed) of a modification of any of these Conditions or any provisions of the Trust Deed. Such a meeting may be convened by Noteholders holding not less than 10 per cent in nominal amount of the Notes for the time being outstanding. The quorum for any meeting convened to consider an Extraordinary Resolution shall be two 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 two or more persons being 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, any Instalment Date or any date for payment of interest or Interest Amounts on the Notes, (ii) to reduce or cancel the nominal amount of, or any Instalment Amount of, or any premium payable on redemption of, the Notes, (iii) to reduce the rate or rates 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) if a Minimum and/or a Maximum Rate of Interest, Instalment Amount or Redemption Amount is specified in the relevant Final Terms, to reduce any such Minimum and/or Maximum, (v) to vary any method of, or basis for, calculating the Final Redemption Amount, the Early Redemption Amount or the Optional Redemption Amount, including the method of calculating the Amortised Face Amount, (vi) to vary the currency or currencies of payment or denomination of the Notes, or (vii) to modify the provisions concerning the quorum required at any meeting of Noteholders or the majority required to pass the Extraordinary Resolution or (viii) (in the case of Subordinated Notes), modifying the provisions regarding subordination, in which case the necessary quorum shall be two or more persons holding or representing not less than 75 per cent, or at any adjourned meeting not less than 25 per cent, in 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 a resolution in writing signed by or on behalf of the holders of not less than 90 per cent. In nominal amount of the Notes outstanding shall for all purposes be as valid and effective as an Extraordinary Resolution passed at a meeting of Noteholders duly convened and held. Such a resolution in writing may be contained in one document or several documents in the same form, each signed by or on behalf of one or more Noteholders.

- (b) **Modification of the Trust Deed and Waiver:** The Trustee may agree, without the consent of the Noteholders or Couponholders, to (i) any modification of any of the provisions of the Trust Deed or these Conditions that is of a formal, minor or technical nature or is made to correct a manifest error, 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 the provisions of the Trust

Deed or these Conditions that is in the opinion of the Trustee not materially prejudicial to the interests of the Noteholders. Any such modification, authorisation or waiver shall be binding on the Noteholders and the Couponholders and, if the Trustee so requires, such modification shall be notified to the Noteholders as soon as practicable thereafter.

No modification of the Trust Deed or these Conditions insofar as it relates to the terms and conditions of any Series of either Dated Subordinated Notes or Undated Subordinated Notes shall be effected without the prior consent of, or notification to (and no objection being raised by), the PRA.

- (c) **Substitution:** The Trust Deed contains provisions permitting the Trustee to agree, subject to such amendment of the Trust Deed and such other conditions as the Trustee may require, but without the consent of the Noteholders or the Couponholders, to the substitution of the Issuer's successor in business or any Subsidiary of the Issuer or its successor in business or any parent company of the Issuer, in place of the Issuer or of any previous substituted company, as principal debtor under the Trust Deed and the Notes. In the case of such a substitution the Trustee may agree, without the consent of the Noteholders or the Couponholders, to a change of the law governing the Notes, the Receipts, the Coupons, the Talons and/or the Trust Deed **provided that** such change would not in the opinion of the Trustee be materially prejudicial to the interests of the Noteholders.

No such substitution shall be effected in relation to any Series of Dated Subordinated Notes or Undated Subordinated Notes without the prior consent of, or notification to (and no objection being raised by), the PRA.

- (d) **Entitlement of the Trustee:** In connection with the exercise of its functions (including but not limited to those referred to in this Condition) the Trustee shall have regard to the interests of the Noteholders as a class and shall not have regard to the consequences of such exercise for individual Noteholders or Couponholders and the Trustee shall not be entitled to require, nor shall any Noteholder or Couponholder be entitled to claim, from the Issuer any indemnification or payment in respect of any tax consequence of any such exercise upon individual Noteholders or Couponholders.

12. **Enforcement**

- (a) Without prejudice to Condition 10(b) (*Subordinated Notes*), at any time after the Notes become due and payable, the Trustee may, at its discretion and without further notice, institute such proceedings against the Issuer as it may think fit to enforce the terms of the Trust Deed, the Notes, the Receipts and the Coupons, but it need not take any such proceedings unless (i) it shall have been so directed by an Extraordinary Resolution or so requested in writing by Noteholders holding at least one-fifth in nominal amount of the Notes outstanding, and (ii) it shall have been indemnified and/or secured and/or prefunded to its satisfaction. No Noteholder or Couponholder may proceed directly against the Issuer unless the Trustee, having become bound so to proceed, fails to do so within a reasonable time and such failure is continuing and then only in the name of the Trustee and on giving an indemnity and/or granting security and/or prefunding satisfactory to the Trustee and only to the same extent (but not further or otherwise) that the Trustee would have been entitled to do so.
- (b) In the case of Subordinated Notes, no remedy against the Issuer other than as referred to in Condition 10(b) (*Subordinated Notes*) shall be available to the Trustee, the Noteholders or the Couponholders whether for the recovery of amounts owing in respect of the Subordinated Notes or under the Trust Deed or in respect of any breach by the Issuer of any of its other obligations under or in respect of the Subordinated Notes or under the Trust Deed.

13. **Indemnification of the Trustee**

The Trust Deed contains provisions for the indemnification of the Trustee and for its relief from responsibility including provisions relieving it from taking action unless indemnified and/or secured and/or prefunded to its satisfaction. The Trustee is entitled to enter into business transactions with the Issuer and any entity related to the Issuer without accounting for any profit.

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

14. **Replacement of Notes, Certificates, Receipts, Coupons and Talons**

If a Note, Certificate, Receipt, 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, Receipts, Coupons or Talons) and 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, Receipt, 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, Receipts, Coupons or further Coupons) and otherwise as the Issuer may require. Mutilated or defaced Notes, Certificates, Receipts, 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 either having the same terms and conditions as the Notes in all respects (or in all respects except for the first payment of interest on them) and so that such further issue shall be consolidated and form a single series with the outstanding securities of any series (including the Notes) or upon such terms as the Issuer may determine at the time of their issue. References in these Conditions to the Notes include (unless the context requires otherwise) any other securities issued pursuant to this Condition and forming a single series with the 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, and any other securities may (with the consent of the Trustee), 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 mailed to them at their respective addresses in the Register and deemed to have been given on the fourth weekday (being a day other than a Saturday or a 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*). 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.

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.

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

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

18. **Governing Law**

The Trust Deed, the Notes, the Receipts, the Coupons and the Talons and any non-contractual obligations arising out of or in connection with them are governed by English law.

FORM OF FINAL TERMS

Final Terms dated [•]

Investec Bank plc

Issue of [Aggregate Nominal Amount of Tranche] [Title of Notes]

under the £6,000,000,000 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 Conditions set forth in the Base Prospectus dated 31 July 2013 [and the supplemental Prospectus dated [•]] which [together] constitute[s] a base prospectus for the purposes of the Prospectus Directive (Directive 2003/71/EC) (the "**Prospectus Directive**"). This document constitutes the Final Terms of the Notes described herein for the purposes of Article 5.4 of the Prospectus Directive and must be read in conjunction with such Base Prospectus [as so supplemented]. Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Base Prospectus [as so supplemented]. The Base Prospectus [and the supplemental Prospectus] [is/are] available for viewing at and copies may be obtained from the website of the Regulatory News Service operated by the London Stock Exchange at www.londonstockexchange.com/exchange/prices-and-news/news/market-news/market-news-home.html and, during normal working hours, Investec Bank plc, 2 Gresham Street, London EC2V 7QP [and Deutsche Bank AG, London Branch, Winchester House, 1 Great Winchester Street, London EC2N 2DB].]

[Terms used herein shall be deemed to be defined as such for the purposes of the 2009/2010/2011/2012 Conditions which are defined in, and incorporated by reference into, the Base Prospectus dated 31 July 2013. These Final Terms contain the final terms of the Notes and must be read in conjunction with the Base Prospectus dated 31 July 2013 [and the supplemental Prospectus dated [•]] which [together] constitute[s] a base prospectus for the purposes of the Prospectus Directive (Directive 2003/71/EC) (the "**Prospectus Directive**"). This document constitutes the Final Terms relating to the issue of Notes described herein for the purposes of Article 5.4 of the Prospectus Directive. Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Base Prospectus dated 31 July 2013 [and the supplemental Prospectuses dated • and •]. The Base Prospectus [and the supplemental Prospectuses] [is/are] available for viewing at and copies may be obtained from the website of the Regulatory News Service operated by the London Stock Exchange at www.londonstockexchange.com/exchange/prices-and-news/news/market-news/market-news-home.html and, during normal working hours, Investec Bank plc, 2 Gresham Street, London EC2V 7QP [and Deutsche Bank AG, London Branch, Winchester House, 1 Great Winchester Street, London EC2N 2DB].]

1. [(i)] Series Number: [•]
- [(ii)] Tranche Number: [•]

[The Notes issued under these Final Terms are to be consolidated and form a single series with [•] (the "**Original Issue**") issued on [•] [(ISIN: [•])]]

2. Specified Currency: [•]
3. Aggregate Nominal Amount of Notes:
 - [(i)] Series: [•]
 - [(ii)] Tranche: [•]
4. Issue Price: [•] per cent. Of the Aggregate Nominal Amount [plus accrued interest from []]
5. (i) Specified Denominations: [•]

- (ii) Calculation Amount: [•]
6. (i) Issue Date: [•]
- (ii) Interest Commencement Date [Issue Date] [•] [Not Applicable]
7. Maturity Date: [•]
- [Interest Payment Date falling in or nearest to [•]]
8. Interest Basis: [[•] per cent. Fixed Rate]
[[LIBOR/EURIBOR]] +/- [•] per cent. Floating Rate]
[Zero Coupon]
9. Redemption/Payment Basis: [Redemption at par]
[Instalment]
10. Put/Call Options: [Investor Put]
[Issuer Call]
11. (i) Status of the Notes: [Senior Note] [Dated Subordinated Note] [Undated Subordinated Note]
- (ii) Dated Subordinated Notes – Condition 3(c) Applicable (Upper Tier 3 Capital): [Applicable/Not Applicable]
- (iii) Date [Board] approval for issuance of Notes obtained: [•]
[Not Applicable]

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

12. **Fixed Rate Note Provisions** [Applicable/Not Applicable]
- (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 up to and including the Maturity Date]/[[•]]
- (iii) Fixed Coupon Amount[(s)]: [•] per Calculation Amount
- (iv) Broken Amount(s): [•] per Calculation Amount payable on the Interest Payment Date falling [in/on] [•]
- (v) Day Count Fraction: [Actual/Actual] [Actual/365 (Fixed)] [Actual/360 30/360] [30E/360] [30E/360 (ISDA)] [Actual/Actual-ICMA]
13. **Floating Rate Note Provisions** [Applicable/Not Applicable]
- (i) Interest Period(s): [•]
- (ii) Specified Interest Payment Dates: [•]
- (iv) Interest Period Date: [•]

- (v) Business Day Convention: [Floating Rate Business Day Convention] [Following Business Day Convention] [Modified Following Business Day Convention] [Preceding Business Day Convention]
- (vi) Additional Business Centre(s): [•]
- (vii) Manner in which the Rate of Interest is to be determined: [Screen Rate Determination] [ISDA Determination]
- (ix) Screen Rate Determination: [Applicable/Not Applicable]
- Reference Rate: [LIBOR] [EURIBOR]
- Interest Determination Dates: [The first day of the Interest Accrual Period]
- [The day falling two TARGET Business Days prior to the first day of the Interest Accrual Period]
- [The day falling two Business Days in New York prior to the first day of the Interest Accrual Period]
- [The day falling two Business Days in London prior to the first day of the Interest Accrual Period]
- [•]
- Relevant Screen Page: [•]
- (x) ISDA Determination: [Applicable/Not Applicable]
- Floating Rate Option: [•]
- Designated Maturity: [•]
- Reset Date: [•]
- ISDA Definitions: [2006 Definitions] [2000 Definitions]
- (xi) Margin(s): [•][+/-][] per cent. per annum
- (xii) Minimum Rate of Interest: [•] per cent. per annum
- (xiii) Maximum Rate of Interest: [•] per cent. per annum
- (xiv) Day Count Fraction: [Actual/Actual] [Actual/365 (Fixed)] [Actual/360 [30/360] [30E/360] [30E/360 (ISDA)] [Actual/Actual-ICMA]
14. **Zero Coupon Note Provisions** [Applicable/Not Applicable]
- (i) Amortisation Yield: [[•] per cent. per annum]
- [As per Condition 6(b)(i)(B)]

PROVISIONS RELATING TO REDEMPTION

15. **Call Option** [Applicable/Not Applicable]
- (i) Optional Redemption Date(s): [•]

- (ii) Optional Redemption Amount(s) of each Note: [•] [per Calculation Amount]
- (iii) If redeemable in part:
- (a) Minimum Redemption Amount: [•]
- (b) Maximum Redemption Amount: [•]
16. **Put Option (Senior Notes)** [Applicable/Not Applicable]
- (i) Optional Redemption Date(s): [•]
- (ii) Optional Redemption Amount(s) of each Note: [•] [per Calculation Amount]
17. **Final Redemption Amount of each Note** [•] [per Calculation Amount]
18. **Early Redemption**
- (i) Early Redemption Amount(s) per Calculation Amount: [Final Redemption Amount]
[Amortised Face Amount]
[Fair Market Value]
- (ii) Redemption following Hedging Disruption: Condition 6(e) [Applicable/Not Applicable]

GENERAL PROVISIONS APPLICABLE TO THE NOTES

19. **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]]

[Global Certificate registered in the name of a nominee for [a Common Depository for Euroclear and Clearstream, Luxembourg / a Common Safekeeper for Euroclear and Clearstream, Luxembourg and held under the New Safekeeping Structure (NSS)]]
20. Financial Centre(s): [Not Applicable] [•]
21. Talons for future Coupons or Receipts to be attached to Definitive Notes: [Yes] [No] [Not Applicable]

22. Instalment Notes: [Applicable/Not Applicable]
- (a) Instalment Amount(s): [Not Applicable/[•]]
- (b) Instalment Date(s): [Not Applicable/[•]]
23. Calculation Agent: [•]
[Not Applicable]

DISTRIBUTION

35. TEFRA Categorisation: [TEFRA D]
[TEFRA C]
[TEFRA Not Applicable]
[Not Applicable]

Signed on behalf of Investec Bank plc:

By: By:
Duly authorised Duly authorised

PART B – OTHER INFORMATION

24. LISTING

- (i) Listing Application [will be] [has been] made to admit the Notes to listing on the Official List of the FCA.
- (ii) Admission to trading: Application [will be] [has been] made by the Issuer (or on its behalf) for the Notes to be admitted to trading on the Regulated Market of the London Stock Exchange with effect from [•]. [Application is expected to be made by the Issuer (or on its behalf) for the Notes to be admitted to trading on the Regulated Market of the London Stock Exchange [•] with effect from [•].
- (iii) Estimate of total expenses related to admission to trading: [•]

25. RATINGS

- Ratings: [The Notes have not specifically been rated.]
- [The Notes have been rated:]
- [S&P: [•]]
- [Moody's: [•]]
- [Fitch: [•]]

26. INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE

[[Save in respect of [•],] so far as the Issuer is aware, no person involved in the offer of the Notes has an interest material to the offer.]

27. [YIELD

- Indication of yield: [•]
- The yield is calculated at the Issue Date on the basis of the Issue Price. It is not an indication of future yield.]

28. OPERATIONAL INFORMATION

- ISIN Code: [•]
- Common Code: [•]
- New Global Note or Classic Global Note: [New Global Note/Classic Global Note][Not Applicable]

Any clearing system(s) other than Euroclear Bank S.A./N.V. and Clearstream Banking, *société anonyme* and the relevant identification number(s) and address: [•]

Names and addresses of additional Paying Agent(s) (if any): [•]
[Not Applicable]

SUMMARY OF PROVISIONS RELATING TO THE NOTES WHILE IN GLOBAL FORM

1. Initial Issue of Notes

If the Global Notes are stated in the applicable Final Terms to be issued in NGN form, the Global Notes will be delivered on or prior to the original issue date of the Tranche to a Common Safekeeper. If the Global Certificates are stated in the applicable Final Terms to be held under the NSS, the Global Certificates will be delivered on or prior to the original issue date of the Tranche to a Common Safekeeper. Depositing the Global Notes or Global Certificates with the Common Safekeeper does not necessarily mean that the Notes will be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem either upon issue, or at any or all times during their life. Such recognition will depend upon satisfaction of the Eurosystem eligibility criteria. The ICSDs will be notified whether or not each NGN and NSS issuance is intended to be held in a manner which would allow Eurosystem eligibility.

Global notes which are issued in CGN form and Global Certificates not intended to be held under the NSS may be delivered on or prior to the original issue date of the Tranche to a common depositary for Euroclear and Clearstream, Luxembourg (the "**Common Depositary**").

If the Global Note is a CGN, upon the initial deposit of a Global Note with a Common Depositary or registration of Registered Notes in the name of any nominee for Euroclear and Clearstream, Luxembourg and delivery of the relevant Global Certificate to the Common Depositary, Euroclear or Clearstream, Luxembourg will credit each subscriber with a nominal amount of Notes equal to the nominal amount thereof for which it has subscribed and paid. If the Global Note is an NGN or the Global Certificate is to be held under the NSS, the nominal amount of the Notes shall be the aggregate amount from time to time entered in the records of Euroclear or Clearstream, Luxembourg. The records of such clearing system shall be conclusive evidence of the nominal amount of Notes represented by the Global Note or Global Certificate and a statement issued by such clearing system at any time shall be conclusive evidence of the records of the relevant clearing system at that time.

Notes that are initially deposited with the Common Depositary may also be credited to the accounts of subscribers with (if indicated in the relevant Final Terms) 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.

2. Relationship of Accountholders with Clearing Systems

In relation to any Tranche of Bearer Notes represented by a Global Note, references in the Terms and Conditions of the Notes to "Noteholder" are references to the bearer of the relevant Global Note which, for so long as the Global Note is held by a Common Depositary, in the case of a CGN, or a Common Safekeeper, in the case of an NGN, for Euroclear and/or Clearstream, Luxembourg and/or any other permitted clearing system ("**Alternative Clearing System**"), will be that Common Depositary or, as the case may be, Common Safekeeper.

In relation to any Tranche of Registered Notes represented by one or more Global Certificates, references in the Terms and Conditions of the Notes to "Noteholder" are references to the person in whose name the relevant Global Certificate is for the time being registered in the Register which, in the case of any Global Certificate which is held by or on behalf of a Common Depositary or a Common Safekeeper for Euroclear and/or Clearstream, Luxembourg and/or Alternative Clearing System, will be that Common Depositary or Common Safekeeper or a nominee for that Common Depositary or Common Safekeeper.

Each of the persons shown in the records of Euroclear, Clearstream, Luxembourg or Alternative 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 any such Alternative Clearing System (as the case may be) for his share of each payment made by the Issuer to the bearer of such Global Note or the holder of the underlying Registered Notes, 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 Alternative Clearing System (as the case may be). Such persons shall have no claim directly against the Issuer in respect of payments due on the 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 holder of the underlying Registered Notes, as the case may be, in respect of each amount so paid.

3. Exchange

3.1 Temporary Global Notes

Each temporary Global Note will be exchangeable, free of charge to the holder, on or after its Exchange Date:

- (i) if the relevant Final Terms indicates that such Global Note is issued in compliance with TEFRA C or in a transaction to which TEFRA is not applicable (as to which, see "*Summary – Selling Restrictions*"), in whole, but not in part, for the Definitive Notes defined and described below; and
- (ii) 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 Final Terms, for Definitive Notes.

Each temporary Global Note that is also an Exchangeable Bearer Note will be exchangeable for Registered Notes in accordance with the Conditions in addition to any permanent Global Note or Definitive Notes for which it may be exchangeable and, before its Exchange Date, will also be exchangeable in whole or in part for Registered Notes only.

If the Notes are issued in the form of a temporary Global Note which is exchangeable for Definitive Notes, the Notes shall be issued only in denominations which are integral multiples of the lowest Specified Denomination.

3.2 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, except as provided under paragraph 3.4 below, in part for Definitive Notes or, in the case of paragraph 3.4 below, Registered Notes:

- (i) if the permanent Global Note is an Exchangeable Bearer Note, by the holder giving notice to the Issuing and Paying Agent of its election to exchange the whole or a part of such Global Note for Registered Notes and
- (ii) if the permanent Global Note is held on behalf of Euroclear or Clearstream, Luxembourg or an Alternative Clearing System and any such clearing system is closed for business for a continuous period of 14 days (other than by reason of holidays, statutory or otherwise) or 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. A Noteholder who holds a principal amount of less than the minimum Specified Denomination will not receive a definitive Note in respect of such holding and would need to purchase a principal amount of Notes such that it holds an amount equal to one or more Specified Denominations.

3.3 Global Certificates

If the Final Terms 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(b) (*Transfer of Registered Notes*) may only be made in part:

- (i) if the relevant clearing system is closed for business for a continuous period of 14 days (other than by reason of holidays, statutory or otherwise) or announces an intention permanently to cease business or does in fact do so; or
- (ii) if principal in respect of any Notes is not paid when due; or
- (iii) with the consent of the Issuer,

provided that, in the case of the first transfer of part of a holding pursuant to paragraph 3.3(i) or 3.3(ii) above, the Registered Holder has given the Registrar not less than 30 days' notice at its specified office of the Registered Holder's intention to effect such transfer.

3.4 **Partial Exchange of Permanent Global Notes**

For so long as a permanent Global Note is held on behalf of a clearing system and the rules of that clearing system permit, such permanent Global Note will be exchangeable in part on one or more occasions (i) for Registered Notes if the permanent Global Note is an Exchangeable Bearer Note and the part submitted for exchange is to be exchanged for Registered Notes, or (ii) for Definitive Notes, if principal in respect of any Notes is not paid when due.

3.5 **Delivery of Notes**

If the Global Note is a CGN, on or after any due date for exchange, the holder of a Global Note may surrender such Global Note 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 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 the whole or that part of the 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 exchangeable for Definitive Notes or Registered Notes, deliver, or procure the delivery of, an equal aggregate nominal amount of duly executed and authenticated Definitive Notes and/or Certificates, as the case may be or if the Global Note is a NGN, the Issuer will procure that details of such exchange be entered *pro rata* in the records of the relevant clearing system. In this Base Prospectus, "**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 and Receipts in respect of interest or Instalment Amounts that have not already been paid on the Global Note and a Talon). Definitive Notes will be security printed and 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 permanent Global Note, the Issuer will, if the holder so requests, procure that it is cancelled and returned to the holder together with the relevant Definitive Notes.

3.6 **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, a day falling not less than 60 days, or in the case of an exchange for Registered Notes five days, or in the case of failure to pay principal in respect of any Notes when due 30 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.

4. **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 Base Prospectus. The following is a summary of certain of those provisions:

4.1 **Payments**

No payment falling due after the Exchange Date will be made on any Global Note unless exchange for an interest in a permanent Global Note or for Definitive Notes or Registered Notes is improperly withheld or refused. Payments on any temporary Global Note issued in compliance with TEFRA D before the Exchange Date 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 in CGN form 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 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. If the Global Note is a CGN, a record of each payment so made will be endorsed on each Global Note, which endorsement will be *prima facie* evidence that such payment has been made in respect of the Notes. Condition 7(e)(vii) (*Appointment of Agents*) and Condition 8(e) (*Payment by another Paying Agent*) will apply to the Definitive Notes only. If the Global Note is a NGN, the Issuer shall procure that details of each such payment shall be entered *pro rata* in the records of the relevant clearing system and in the case of payments of principal, the nominal amount of the Notes recorded in the records of the relevant clearing system and represented by the Global Note will be reduced accordingly. Payments under the NGN will be made to its holder. Each payment so made will discharge the Issuer's obligations in respect thereof. Any failure to make the entries in the records of the relevant clearing system shall not affect such discharge. For the purpose of any payments made in respect of a Global Note, the relevant place of presentation shall be disregarded in the definition of "**business day**" set out in Condition 7(h) (*Non-Business Days*).

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

4.2 **Meetings**

The holder of a permanent Global Note or of the Notes represented by a Global Certificate shall (unless such permanent Global Note or Global Certificate represents only one Note) be treated as being two persons for the purposes of any quorum requirements of a meeting of Noteholders and, at any such meeting, the holder of a permanent Global Note shall be treated as having one vote in respect of each integral currency unit of the Specified Currency of the Notes. (All holders of Registered Notes are entitled to one vote in respect of each integral currency unit of the Specified Currency of the Notes comprising such Noteholder's holding, whether or not represented by a Global Certificate.)

4.3 **Cancellation**

Cancellation of any Note represented by a permanent Global Note that is required by the Conditions to be cancelled (other than upon its redemption) will be effected by reduction in the nominal amount of the relevant permanent Global Note.

4.4 **Purchase**

Notes represented by a permanent Global Note 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 and Instalment Amounts (if any) thereon.

4.5 **Issuer's Option**

Any option of the Issuer provided for in the Conditions of any Notes while such Notes are represented by a permanent Global Note 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 Conditions, 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 with a clearing system in respect of the Notes will be governed by the standard procedures of Euroclear and/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) or any other Alternative Clearing System (as the case may be).

4.6 **Noteholders' Options**

Any option of the Noteholders provided for in the Conditions of any Notes while such Notes are represented by a permanent Global Note may be exercised by the holder of the permanent Global Note giving notice to the Issuing and Paying Agent within the time limits relating to the deposit of Notes with a Paying Agent set out in the Conditions substantially in the form of the notice available from any Paying Agent, except that the notice shall not be required to contain the serial numbers of the Notes in respect of which the option has been exercised, and stating the nominal amount of Notes in respect of which the option is exercised and at the same time, where the permanent Global Note is a CGN, presenting the permanent Global Note to the Issuing and Paying Agent or to a Paying Agent for notation. Where the Global Note is a NGN, the Issuer shall procure that details of such exercise shall be entered *pro rata* in the records of the relevant clearing system and the nominal amount of the Notes recorded in those records will be reduced accordingly.

4.7 **Nominal Amount**

Where the Global Note is a NGN or the Global Certificate is to be held under the NSS, the Issuer shall procure that any exchange, payment, cancellation, exercise of any option or any right under the Notes, as the case may be, in addition to the circumstances set out above shall be entered in the records of the relevant clearing systems and upon any such entry being made, in respect of payments of principal, the nominal amount of the Notes represented by such Global Note or Global Certificate shall be adjusted accordingly.

4.8 **Trustee's Powers**

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

4.10 **Notices**

So long as any Notes are represented by a Global Note and such Global Note is held on behalf of a clearing system, notices to the holders of Notes of that Series may be given by delivery of the relevant notice to that clearing system for communication by it to

entitled accountholders in substitution for publication as required by the Conditions or by delivery of the relevant notice to the holder of the Global Note.

USE OF PROCEEDS

The net proceeds from the issue of each Tranche of Notes will be applied by the Issuer for its general corporate purposes including making intra-group loans.

TAXATION

1. United Kingdom Taxation

The following is a summary of the United Kingdom withholding taxation treatment at the date hereof in relation to payments of principal and interest in respect of the Notes. It is based on current law and the practice of Her Majesty's Revenue and Customs ("HMRC"), which may be subject to change, sometimes with retrospective effect. The comments do not deal with other United Kingdom tax aspects of acquiring, holding or disposing of Notes. The comments relate only to the position of persons who are absolute beneficial owners of the Notes. Prospective Noteholders should be aware that the particular terms of issue of any series of Notes as specified in the relevant Final Terms may affect the tax treatment of that and other series of Notes. The following is a general guide for information purposes and should be treated with appropriate caution. It is not intended as tax advice and it does not purport to describe all of the tax considerations that may be relevant to a prospective purchaser. Noteholders who are in any doubt as to their tax position should consult their professional advisers. Noteholders who may be liable to taxation in jurisdictions other than the United Kingdom in respect of their acquisition, holding or disposal of the Notes are particularly advised to consult their professional advisers as to whether they are so liable (and if so under the laws of which jurisdictions), since the following comments relate only to certain United Kingdom taxation aspects of payments in respect of the Notes. In particular, Noteholders should be aware that they may be liable to taxation under the laws of other jurisdictions in relation to payments in respect of the Notes even if such payments may be made without withholding or deduction for or on account of taxation under the laws of the United Kingdom.

A. UK Withholding Tax on UK Source Interest

The Notes issued by the Issuer which carry a right to interest ("**UK Notes**") will constitute "quoted Eurobonds" provided they are and continue to be listed on a recognised stock exchange. Whilst the UK Notes are and continue to be quoted Eurobonds, payments of interest on the UK Notes may be made without withholding or deduction for or on account of United Kingdom income tax.

Securities will be "listed on a recognised stock exchange" for this purpose if they are admitted to trading on an exchange designated as a recognised stock exchange by an order made by the Commissioners for HMRC and either they are included in the United Kingdom official list (within the meaning of Part 6 of the Financial Services and Markets Act 2000) or they are officially listed, in accordance with provisions corresponding to those generally applicable in European Economic Area states, in a country outside the United Kingdom in which there is a recognised stock exchange.

The London Stock Exchange is a recognised stock exchange, and accordingly the Notes will constitute quoted Eurobonds provided they are and continue to be included in the United Kingdom Official List and admitted to trading on the Regulated Market of the London Stock Exchange.

In addition to the exemption set out above, interest on the UK Notes may be paid without withholding or deduction for or on account of United Kingdom income tax so long as the Issuer is a "bank" for the purposes of section 878 of the Income Tax Act 2007 and so long as such payments are made by the Issuer in the ordinary course of its business. In accordance with the published practice of HMRC, such payments will be accepted as being made by the Issuer in the ordinary course of its business unless either:

- (i) the borrowing in question conforms to any of the definitions of tier 1, 2 or 3 capital adopted by the PRA whether or not it actually counts towards tier 1, 2 or 3 capital for regulatory purposes; or
- (ii) the characteristics of the transaction giving rise to the interest are primarily attributable to an intention to avoid United Kingdom tax.

In all cases falling outside the exemptions described above, interest on the UK Notes may fall to be paid under deduction of United Kingdom income tax at the basic rate (currently 20%) subject

to such relief as may be available following a direction from HMRC pursuant to the provisions of any applicable double taxation treaty, or to any other exemption which may apply. However, this withholding will not apply if the relevant interest is paid on Notes with a maturity date of less than one year from the date of issue and which are not issued under arrangements the effect of which is to render such Notes part of a borrowing with a total term of a year or more.

B. Provision of Information

Noteholders should note that, in certain circumstances, HMRC has power to obtain information (including the name and address of the beneficial owner of the interest) from any person in the United Kingdom who either pays or credits interest to or receives interest for the benefit of a Noteholder. In certain circumstances, the information so obtained may be passed by HMRC to the tax authorities of certain other jurisdictions.

The provisions referred to above may also apply, in certain circumstances, to payments made on redemption of any Notes which constitute "deeply discounted securities" for the purposes of section 430 of the Income Tax (Trading and Other Income) Act 2005 (although, in this regard, HMRC published guidance for the year 2013/2014 which indicates that HMRC will not exercise its power to obtain information in relation to such payments in that year).

Information may also be required to be reported in accordance with regulations made pursuant to the EU Savings Directive (see below).

C. Other Rules Relating to United Kingdom Withholding Tax

- (i) Notes may be issued at an issue price of less than 100 per cent of their principal amount. Any discount element on any such Notes will not generally be subject to any United Kingdom withholding tax pursuant to the provisions mentioned in section A above, but may be subject to reporting requirements as outlined in section B above.
- (ii) Where Notes are to be, or may fall to be, redeemed at a premium, as opposed to being issued at a discount, then any such element of premium may constitute a payment of interest. Payments of interest are subject to United Kingdom withholding tax and reporting requirements as outlined above.
- (iii) Where interest has been paid under deduction of United Kingdom income tax, Holders who are not resident in the United Kingdom may be able to recover all or part of the tax deducted if there is an appropriate provision in any applicable double taxation treaty.
- (iv) The references to "interest" above mean "interest" as understood in United Kingdom tax law. The statements above do not take any account of any different definitions of "interest" or "principal" which may prevail under any other law or which may be created by the terms and conditions of the Notes or any related documentation (e.g. see Condition 5 (*Interest and other Calculations*) of the Notes). Noteholders should seek their own professional advice as regards the withholding tax treatment of any payment on the Notes which does not constitute "interest" or "principal" as those terms are understood in United Kingdom tax law. Where a payment on a Note does not constitute (or is not treated as) interest for United Kingdom tax purposes, and the payment has a United Kingdom source, it would potentially be subject to United Kingdom withholding tax if, for example, it constitutes (or is treated as) an annual payment or a manufactured payment for United Kingdom tax purposes (which will be determined by, amongst other things, the terms and conditions specified by the Final Terms of the Note). In such a case, the payment may fall to be made under deduction of United Kingdom tax (the rate of withholding depending on the nature of the payment), subject to such relief as may be available following a direction from HMRC pursuant to the provisions of any applicable double taxation treaty, or to any other exemption which may apply.
- (v) The above description of the United Kingdom withholding tax position assumes that there will be no substitution of the Issuer pursuant to Condition 11 (*Meetings of Noteholders, Modification, Waiver and Substitution*) of the Notes or otherwise and does not consider the tax consequences of any such substitution.

2. Other Taxation Matters

A. EU Savings Directive

Under EC Council Directive 2003/48/EC on the taxation of savings income, each Member State is required to provide to the tax authorities of another Member State details of payments of interest or other similar income paid by a person within its jurisdiction to, or collected by such a person for, an individual resident or certain limited types of entity established in that other Member State; however, for a transitional period, Austria and Luxembourg may instead apply a withholding system in relation to such payments, deducting tax at a rate of 35%. The transitional period is to terminate at the end of the first full fiscal year following agreement by certain non-EU countries to the exchange of information relating to such payments. Luxembourg has announced that it will no longer apply the withholding tax system as from 1 January 2015 and will provide details of payments of interest (or similar income) as from this date.

A number of non-EU countries and certain dependent or associated territories of certain Member States have adopted similar measures (either provision of information or transitional withholding) in relation to payments made by a person within its jurisdiction to, or collected by such a person for, an individual resident or certain limited types of entity established in a Member State. In addition, the Member States have entered into provision of information or transitional withholding arrangements with certain of those dependent or associated territories in relation to payments made by a person in a Member State to, or collected by such a person for, an individual resident or certain limited types of entity established in one of those territories.

The European Commission has proposed certain amendments to the Directive, which may, if implemented, amend or broaden the scope of the requirements described above. Investors who are in any doubt as to their position should consult their professional advisers.

B. Withholding of U.S. tax on account of FATCA

Whilst the Notes are in global form and held within the ICSDs, it is expected that FATCA will not affect the amount of any payments made under, or in respect of, the Notes by the Issuer, any paying agent, the common depository or common safekeeper (as applicable), given that each of the entities in the payment chain beginning with the Issuer and ending with the ICSDs is a major financial institution whose business is dependent on compliance with FATCA and that any alternative approach introduced under an intergovernmental agreement will be unlikely to affect the Notes. The documentation expressly contemplates the possibility that the securities may go into definitive form and therefore that they may be taken out of the ICSDs. If this were to happen, then a non FATCA compliant holder could be subject to withholding. However, definitive notes will only be printed in remote circumstances.

An investor should be aware that if any payments in relation to a Note were subject to withholding or deduction under FATCA, the Issuer would have no obligation to pay an additional amounts in relation to such withholding or deduction in accordance with Condition 8 (*Taxation*) of the Note.

C. The proposed Financial Transactions Tax ("FTT")

The European Commission has published a proposal for a Directive for a common FTT in Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia (the "**participating Member States**").

The proposed FTT has very broad scope and could, if introduced in its current form, apply to certain dealings in the Notes (including secondary market transactions) in certain circumstances. The issuance and subscription of the Notes should, however, be exempt.

Under current proposals the FTT could apply in certain circumstances to persons both within and outside of the participating Member States. Generally, it would apply to certain dealings in the Notes where at least one party is a financial institution, and at least one party is established in a participating Member State. A financial institution may be, or be deemed to be, "established" in a participating Member State in a broad range of circumstances, including (a) by transacting with a

person established in a participating Member State or (b) where the financial instrument which is subject to the dealings is issued in a participating Member State.

The FTT proposal remains subject to negotiation between the participating Member States and is the subject of legal challenge. It may therefore be altered prior to any implementation, the timing of which remains unclear. Additional EU Member States may decide to participate. Prospective holders of the Notes are advised to seek their own professional advice in relation to the FTT.

SUBSCRIPTION AND SALE

The Dealer has, in a programme agreement (the "**Programme Agreement**") dated on or about 31 July 2013, agreed with the Issuer a basis upon which it and any other dealers from time to time appointed under the Programme or any of them may from time to time agree to purchase Notes. The Notes may be sold by the Issuer through the Dealer(s), acting as agent(s) of the Issuer.

The Notes will be offered on a continuous basis by the Issuer to the Dealers or to others. 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. The Notes may also be sold by the Issuer through the Dealers, acting as agents of the Issuer.

Selling Restrictions

United States

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 United States 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 under the Securities Act ("**Regulation S**").

Notes in bearer form for U.S. tax purposes are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a United States 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 Dealer has represented and agreed and each new Dealer will be required to represent and agree that it has not offered, sold or delivered and will not offer, sell or deliver the Notes (i) as part of their distribution at any time or (ii) otherwise until 40 days after the completion of the distribution of an identifiable tranche of which such Notes are a part, as determined and certified to the Issuing and Paying Agent by such Dealer (or, in the case of an identifiable tranche of Notes sold to or through more than one Dealer, by each of such Dealers with respect to Notes of an identifiable tranche purchased by or through it, in which case the Issuing and Paying Agent shall notify such Dealer when all such Dealers have so certified), within the United States 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 out the restrictions on offers and sales of the Notes within the United States or to, or for the account or benefit of, U.S. persons. Terms used in the preceding sentence have the meanings given to them by Regulation S.

The Notes are being offered and sold outside the United States to non-U.S. persons in reliance on 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 United States by any dealer (whether or not participating in the offering of such tranche of Notes) may violate the registration requirements of the Securities Act.

The Final Terms in respect of a Series of Bearer Notes that have a maturity of more than one year will specify whether they are issued in compliance with U.S. Treas. Reg. §1.163-5(c)(2)(i)(D) ("**TEFRA D**", which definition shall include any similar rules in substantially the same form as TEFRA D for the purposes of section 4701 of the U.S. Internal Revenue Code), U.S. Treas. Reg. §1.163-5(c)(2)(i)(C) ("**TEFRA C**", which definition shall include any similar rules in substantially the same form as TEFRA C for the purposes of section 4701 of the U.S. Internal Revenue Code) or other than in compliance with TEFRA D or TEFRA C 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 Not Applicable**").

The offering of the Notes will fall under Regulation S compliance category 2.

Each Issuance of Notes shall be subject to such additional U.S. selling restrictions as the Issuer and the relevant Dealer may agree as a term of the issuance and purchase of such Notes.

This Base Prospectus has been prepared by the Issuer for use in connection with the offer and sale of the Notes outside the United States. The Issuer and the Dealers reserve the right to reject any offer to purchase the Notes, in whole or in part, for any reason. This Base Prospectus does not constitute an offer to any person in the United States. Distribution of this Base Prospectus by any non-U.S. person outside the United States to any U.S. person, or to any other person within the United States, is unauthorised and any disclosure without the prior written consent of the Issuer of any of its contents to any such U.S. person or other person within the United States is prohibited.

United Kingdom

The Dealer has represented and agreed and each new Dealer shall be required to represent and agree that:

- (i) it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received by it in connection with the issue or sale of any Notes in circumstances in which section 21(1) of the FSMA would not, if the Issuer was not an authorised person, apply to the Issuer; and
- (ii) 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 United Kingdom.

Japan

The Notes have not been and will not be registered under the Financial Instruments and Exchange Law of Japan (Law No. 25 of 1948, as amended) and, accordingly, the Dealer has undertaken and each new Dealer will be required to undertake that it will not offer or sell any Notes directly or indirectly, in Japan or to, or for the benefit of, any Japanese Person or to others for re-offering or resale, directly or indirectly, in Japan or to any Japanese Person except under circumstances which will result in compliance with all applicable laws, regulations and guidelines promulgated by the relevant Japanese governmental and regulatory authorities and in effect at the relevant time. For the purposes of this paragraph, "**Japanese Person**" shall mean any person resident in Japan, including any corporation or other entity organised under the laws of Japan.

General

These selling restrictions may be modified by the Issuer (where applicable, with the agreement of the Dealers) following a change in a relevant law, regulation or directive.

No representation is made that any action has been taken in any jurisdiction that would permit a public offering of any of the Notes, or possession or distribution of the Base Prospectus or any other offering material or any Final Terms, in any country or jurisdiction where action for that purpose is required.

The Dealer has agreed and each new Dealer will be required to agree that it shall, to the best of its knowledge, comply with all relevant laws, regulations and directives in each jurisdiction in which it purchases, offers, sells or delivers Notes or has in its possession or distributes the Base Prospectus, any other offering material or any Final Terms in all cases at its own expense.

GENERAL INFORMATION

Authorisation

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 a resolution of the board of directors of the Issuer passed on 28 October 2009 and the update of the Programme was authorised by a resolution of the board of directors of the Issuer passed on 12 July 2013.

Listing and Admission to Trading

This document has been approved by the FCA as a base prospectus in compliance with the Prospectus Directive and relevant implementing measures in the United Kingdom for the purpose of giving information with regard to the Notes issued under the Programme described in this Base Prospectus during the period of twelve months after the date hereof. Application has also been made for the Notes to be admitted during the twelve months after the date hereof to listing on the Official List of the FCA and to trading on the Regulated Market of the London Stock Exchange plc (the "**London Stock Exchange**"), which is a regulated market for the purpose of Directive 2004/39/EC.

Documents Available

For so long as Notes may be issued pursuant to this Base Prospectus, the following documents will be available, during usual business hours on any weekday (Saturdays and public holidays excepted), for inspection at the office of the Issuing and Paying Agent and the registered office of the Issuer:

- (i) the Trust Deed (which includes the form of the Global Notes, the definitive Bearer Notes, the Certificates, the Coupons, the Receipts and the Talons);
- (ii) the Agency Agreement and the Programme Agreement;
- (iii) the Memorandum and Articles of Association of the Issuer;
- (iv) the audited consolidated annual financial statements of the Issuer in respect of the financial years ended 31 March 2013 and 31 March 2012, together with the auditor's reports prepared in connection therewith. The Issuer currently prepares audited consolidated accounts on an annual basis;
- (v) a copy of this Base Prospectus;
- (vi) any supplements to this Base Prospectus and any Final Terms and any other documents incorporated herein or therein by reference; and
- (vii) in the case of each issue of Notes admitted to trading on the Regulated Market of the London Stock Exchange subscribed pursuant to a subscription agreement, the subscription agreement (or equivalent document).

Clearing Systems

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 (ISIN) and (where applicable) the identification number for any other relevant clearing system for each Series of Notes will be set out in the relevant Final Terms.

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 Final Terms.

Nominal Amount

The maximum aggregate nominal amount of all Notes from time to time outstanding under the Programme will not exceed £6,000,000,000 (or its equivalent in other currencies), subject to increase pursuant to the terms of the Programme Agreement.

Conditions for determining price

The issue price and the amount of the relevant Notes will be determined, before filing of the relevant Final Terms of each Tranche, based on the prevailing market conditions.

Significant or Material Change

There has been no significant change in the financial or trading position of the Issuer and its group since 31 March 2013, being the end of the most recent financial period for which it has published financial statements.

There has been no material adverse change in the prospects of the Issuer since the financial year ended 31 March 2013, the most recent financial year for which it has published audited financial statements.

Litigation

There are no, and have not been any, governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer is aware) in the twelve months preceding the date of this Base Prospectus which may have, or have had in the recent past significant effects on the financial position or profitability of the Issuer and/or its group.

Auditors

The audited consolidated financial statements of the Issuer for the financial years ended 31 March 2012 and 31 March 2013 have been audited without qualification by Ernst & Young LLP, chartered accountants, registered auditors and independent auditors whose address is 1 More London Place, London SE1 2AF.

Post-issuance information

The Issuer does not intend to provide any post-issuance information in relation to any issues of Notes.

Dealer may subscribe for Notes

In respect of a Series of Notes, the Dealer may initially subscribe for some or all of the Notes. The Dealer may subsequently place such Notes in the secondary market or such Notes may subsequently be repurchased by the Issuer and cancelled.

INDEX OF DEFINED TERMS

£	ii	Event of Default	39, 41
€	ii	Exchange Date	56
2009 Conditions	14	Exchangeable Bearer Notes	10, 15
2010 Conditions	14	Exercise Notice	35
30/360	26	Fair Market Value	32
30E/360	27	FATCA	4
30E/360 (ISDA)	27	FATCA withholding	39
360/360	26	FCA	i
Actual/360	26	Final Terms	10
Actual/365 (Fixed)	26	Financial Centres	38
Actual/Actual	26	Fitch	i
Actual/Actual – ISDA	26	Floating Rate	23
Actual/Actual-ICMA	28	Floating Rate Option	23
Agency Agreement	15	Global Certificates	10
Alternative Clearing System	54	Global Credit Rating	i
Arrears of Interest	30	Government Entities	21
Assets	20	Hedging Event	34
Bank	36	Hedging Transaction	34
Basel December 2010 Guidelines	6	HMRC	61
Basel III	6	holder	16
Bearer Notes	10, 15	ICSDs	4
Bond Basis	26	interest	39
business day	17, 38, 57	Interest Accrual Period	28, 31
Business Day	26	Interest Amount	28
Calculation Agent	23	Interest Commencement Date	28
Calculation Agent(s)	15	Interest Date	31
Calculation Period	26	Interest Determination Date	28
Capital Breach Event	31	Interest Period	29
Capital Disqualification Event	31	Interest Period Date	29
Capital Regulations	20	investor	i
Capital Resources	20	Investor's Currency	8
Capital Resources Requirement	20	ISDA Definitions	29
Certificates	16	ISDA Rate	23
CMD	5	Issue Date	15
CMD Loss Absorption Requirement	7	Issuer	i
Common Depository	54	Issuing and Paying Agent	15
Conditions	15	Japanese Person	66
Couponholders	15	Liabilities	20
Coupons	15	London Stock Exchange	67
CRA Regulation	i	Material Subsidiary	42
CRD IV	7	Moody's	i
Crisis Management Directive	5	NGN	10
CRR	7	Noteholder	16
D Rules	13	Notes	i
Day Count Fraction	26	Notional Preference Shares	19
Dealers	10	NSS	10
Deferral Notice	19	Overall Financial Adequacy Rule	20
Deferred Payment	19	Paying Agents	15
Definitive Notes	56	Payment Notice	20
Designated Maturity	23	Permitted Security Interest	21
Determination Date	28	PRA	21
Determination Period	28	principal	39
Directive	4	Programme	i
distribution	33	Programme Agreement	65
EU	i	Prospectus Directive	i, 47
euro	ii	Qualifying Administration	21
Eurobond Basis	27	Rate of Interest	29
Euro-zone	28	Receipts	15

Record Date	36	Subsidiary	22
Reference Banks	29	Swap Transaction.....	23
Reference Rate	29	Talons	15
Register.....	16	TARGET Business Day	26
Registered Notes.....	10, 15	TARGET System	29
Registrar	15	TEFRA.....	13
Registration Document.....	1, 14	TEFRA C	13
Regulation S	i, 65	Terms and Conditions	15
Relevant Date	39	Tier 1 Capital	21
Relevant Indebtedness	22	Tier 2 Capital	21
Relevant Screen Page	29	Tranche	10, 15
Reset Date	23	Transfer Agents.....	15
Securities Act	i	Trust Deed.....	15
Security Interest.....	21	Trustee	15
Selling Restrictions.....	10	U.S. dollars	ii
Senior Creditors.....	21	U.S.\$	ii
Senior Notes	17	UK Notes	61
Series	10	unit	25
Specified Currency	29	United Kingdom	21
Sterling	ii	Upper Tier 3 Capital	21
Subordinated Notes	21	Winding Up.....	21

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